



2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended
September 30, 2025

Available on Rowlett.com





City of Rowlett, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2025

Prepared by
Department of Financial Services

City of Rowlett, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025
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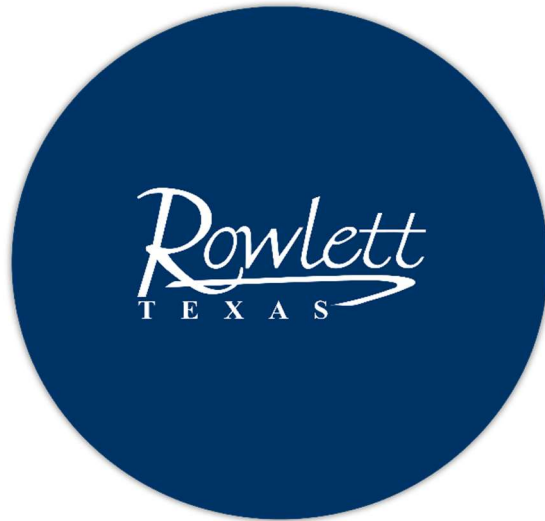
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Introductory Section



February 9, 2026

To the Honorable Mayor, City Council and Citizens of the City of Rowlett, Texas:

The Department of Financial Services and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report of the City of Rowlett, Texas for the year ended September 30, 2025.

The purpose of the report is to provide the City Council, City staff, Rowlett residents, bond holders, and other interested parties with detailed information reflecting the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We assert that the data, as presented, is accurate in all material respects and is organized in a manner which fairly presents the financial position and results of operations of the City.

City management is responsible for developing a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the assets of the City are protected from loss, theft, or misuse, and for the reliability of financial records when preparing the financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of the control should not outweigh the benefits likely to be derived and that the evaluation of cost and benefit require estimates and judgements by management.

Weaver and Tidwell, L.L.P., an independent firm of certified public accountants, has issued an unmodified ("clean") opinion on the City of Rowlett's financial statements for the year ended September 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A and this letter are complimentary and should be read together.

Profile of the Government

The City of Rowlett is located 20 miles northeast of Dallas. Rowlett rests on two peninsulas reaching out into Lake Ray Hubbard with more than 30 miles of beautiful shoreline. It occupies 22 square miles and was the hometown choice to an estimated population of 67,519 for fiscal year 2025.

Rowlett voters approved a home rule charter in 1979 establishing a Council-Manager form of government, empowering the City Council to levy a property tax on both real and personal property located within its boundaries. Under the Council-Manager form of government, the Mayor and the City Council establish policy and law, and the City Manager handles day-to-day management of the City organization. As a representative system, all power is concentrated in the elected City Council. The Council then hires a professionally trained manager to oversee the delivery of public services. This system combines the strong political leadership of elected officials in the form of a council with the managerial experience of an appointed local government manager.

The City Council is elected at-large representing all residents within the City Limits. The Mayor and six Council members serve staggered three-year terms creating a three-year cycle. The Mayor and three Council positions are filled in one cycle, three Council positions are selected in the second cycle, and there is no election in the third cycle.

The City Manager is appointed by the City Council and serves as the Chief Executive Officer of the city government. The City Manager is responsible for implementing the policy direction of the City Council in an efficient, effective, responsive, and responsible manner.

The financial reporting entity includes all funds of the City in addition to the Rowlett Housing Finance Corporation (RHFC) which is reported as a discretely presented component unit on the government-wide financial statements. Discretely presented component units are legally separate entities and are not part of the primary government's operations.

A full range of services is provided by the City. These services include general administration, police and fire protection, library services, recreational services, parks maintenance, community development, capital improvements and maintenance, and public utilities. Public works provides construction and maintenance of roadways and infrastructure, while public utilities provides water distribution, sewer collection, drainage, and sanitation services. Sewage treatment is provided by the City of Garland, and treated water is provided by the North Texas Municipal Water District (NTMWD). Republic Services provides sanitation collection services.

The City Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their projections for the upcoming year. The projected expenditures are evaluated and combined with the forecasted revenues to formulate the City Manager's budget. This proposed budget is presented to the governing body. Through subsequent budget meetings and public hearings, a final budget is developed and adopted by the City Council.

The budget is developed on a departmental level and adopted at the fund level. Department management generates monthly reports that detail expenditures on a departmental and line-item level. This report presents a comparison of budgeted and actual expenditures, providing for the management review of budgetary compliance. Expenditures may not exceed the fund level budget without City Council approval. The City Manager has the authority to make budgetary changes up to the fund level.

It is possible to amend the budget with City Council action to provide for any items that were unforeseen during the regular budget process. Most unexpended appropriations lapse at year-end; however, the City's financial policies specify that funds budgeted for capital purposes automatically carryover into the new year as well as operational purchases encumbered as of the last day of the fiscal year.

Rowlett takes its responsibilities to its citizens seriously and has received numerous accolades over the years. In 2025, Rowlett was recognized by the Texas State Comptroller as one of 19 Transparency Trailblazers, fulfilling State requirements for financial website transparency and earning all six Transparency Stars. U.S. News named Rowlett the 26th best place to live in Texas and the 83rd best place to live in the United States in 2025-2026.

Past recognition includes:

- Certified Scenic City – Platinum Level – ScenicTexas.org (2024)
- Fastest-growing city in Dallas County – Dallas Business Journal (2024)
- Film Friendly Texas Community designation from the Texas Film Commission (2023)
- GO TEXAN designation from the Texas Department of Agriculture (2023)
- Texas Economic Development Council 2022 Economic Excellence Recognition Award (2023)
- #8 Places with the Best Public Schools in Dallas County – Niche.com (2022)
- #66 Most Diverse Suburbs in Texas (Top 16%) – Niche.com (2022)

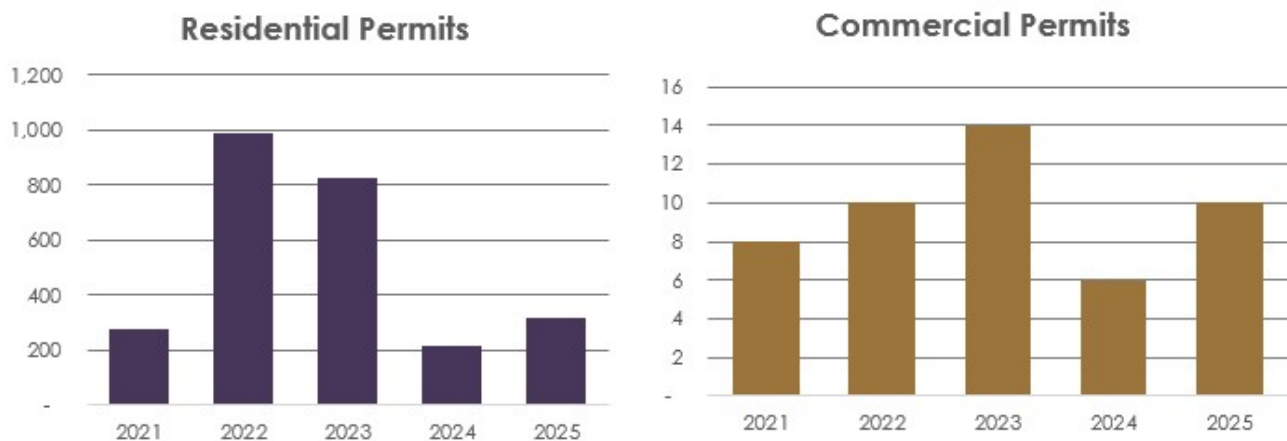
- #110 Best Places for Young Professionals in Texas (Top 27%) – Niche.com (2022)
- #113 Best Suburb to Raise a Family in Texas – Niche.com (2022)
- Top 10% Best Places to Buy a House in America – Niche.com (2022)
- #3 Most Popular Mid-Size Cities for Home Buying Opportunity – moveBuddha.com (2021)
- #44 Best Small City to Start a Business (in the country) – Go.Verizon.com (2021)
- AARP Age-Friendly Community (2020)

Local Economy

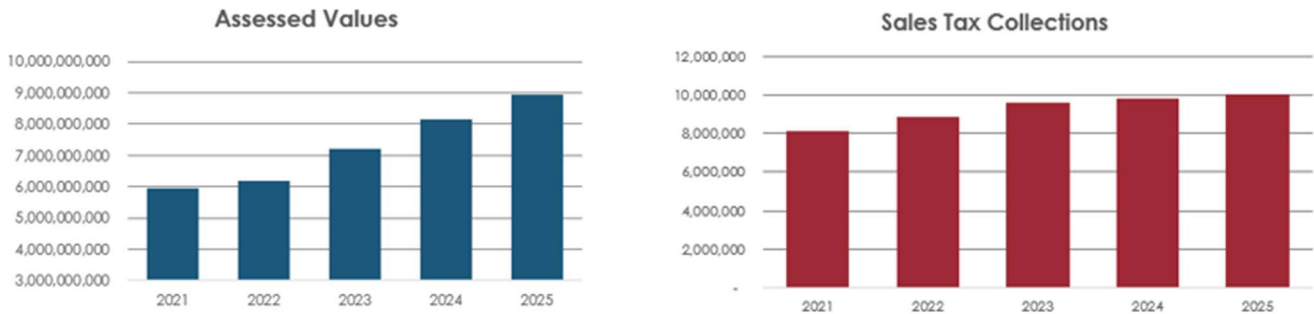
The City of Rowlett continues to experience reinvestment and development activity across multiple areas of the community, reflecting steady market interest and long-term planning efforts. The Downtown Rowlett Strategic Plan has been completed and provides a clear framework for growth, redevelopment, character, and functionality within the district, while complementary planning initiatives and infrastructure improvements across the City support broader economic development objectives. Together, these efforts emphasize coordinated planning, site readiness, and collaboration with the private sector to support future commercial, mixed-use, and employment-generating development aligned with adopted plans and community priorities.

As an incentive for local development, the City enters into economic development agreements as authorized under Chapter 380 of the Local Government Code, Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Development and Tax Abatement Act) of the Texas Tax Code. These agreements are designed to promote development and redevelopment within the City, spur economic growth, stimulate commercial activity, generate additional taxes that enhance the property tax base, and provide job opportunities for its citizens. In fiscal year 2025, the City entered into one material Chapter 380 agreement with Prevail Rowlett, LLC which provides fee waivers, a hotel occupancy tax grant, and tax abatements while creating an estimated 40 jobs with a ten-year net benefit to the City of approximately \$7 million.

New construction added to the tax rolls increased in FY2025 (for FY2026 collections) by \$122 million, or 84%, when compared to FY2024 (for FY2025 collections). Residential building permits in Rowlett increased in 2025, up to 315 from 217 in 2024. Commercial permits also increased in FY2025, up from 6 in FY2024 to 10 in FY2025.



Rowlett's property tax increases are beginning to slow down after three years of significant increases. The FY2023 taxable property values (2022 tax levy) increased 17% over FY2022 due to significant property valuation increases, along with the Texas Tax Code requirement that all properties be reappraised at least once every three years. Values increased again in FY2024 by 13% for similar reasons. However, as expected, the values increased by a lesser amount of 10% in FY2025. Property tax values are expected to stabilize in FY2026 compared to FY2025 with an estimated increase of 3%.



Sales tax collections reflected mild economic growth as the City saw a 2% increase over the previous year's collections.

Rowlett's unemployment rate rose in 2025 to 4.2% from 3.7% the previous year. In comparison, the State of Texas reports an average unemployment rate of 4.4%, and the national average increased to 4.3%. Rowlett's median household income is \$113,600 with 38% of its residents holding at least a bachelor's degree, compared to the national average of \$78,538 and 35%, respectively.

Relevant Financial Policies

The City has established reserve policies for its operating funds as follows:

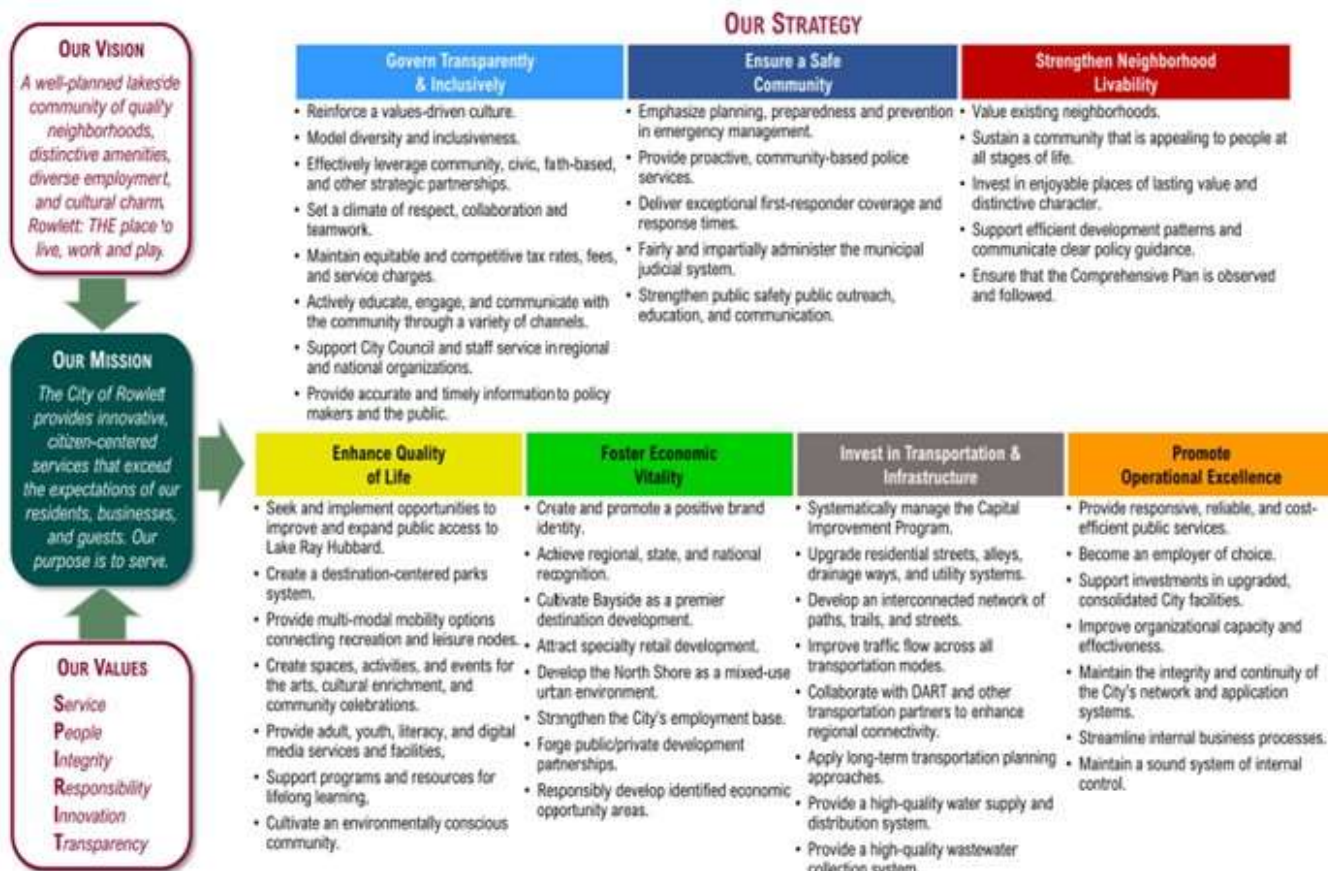
Fund Type	Reserve Balance Requirement
Governmental	
General Fund	25%
Golf Fund	One Year Debt Service
Proprietary	
Water and Sewer Fund	90 Days Net Operating Expenses
Drainage Fund	10%
Refuse Fund	5%

The City's ability to maintain adequate reserves is critical to allowing flexibility in budgeting and responsiveness to unforeseen short-term economic conditions. The City is pleased to report that reserve balance levels have been met or exceeded in all funds as required.

Long-Term Financial Planning

Long-term planning, responsiveness to changing economic conditions, and community needs are key factors in maintaining Rowlett's fiscal health. Through the ongoing maintenance of The Strategic Plan, a Five-Year Capital Improvement Plan and five-year financial models, the City can maximize opportunities, establish priorities, and develop funding sources to ensure organizational sustainability while minimizing the effects of growth on the tax rate. Additionally, the City conducts an annual water rate study which includes 10-year projections for the Utility Fund financial and infrastructure stability along with fair rates for customers.

The City of Rowlett Strategic Plan, adopted in 2018, outlines seven key priorities that provide guidance for the City's annual initiatives, budget decisions, and operational strategies to support its execution. This effort involves the preparation of specific objectives and initiatives necessary to accomplish the identified strategic goals consistent with the organization's mission and values. The City is currently updating its strategic plan to ensure that it remains responsive to community needs and organization priorities, with its completion anticipated in fiscal year 2026.



The City of Rowlett Strategic Plan was instrumental in the development of the FY2026 Adopted Budget, considering available resources and allocating revenues to the highest strategic priorities identified in the plan. The FY2026 Adopted Budget reflects the City's commitment to growth, as operating appropriations increased \$71 million, or 40%, compared to the FY2025 Adopted Budget.

The primary factors of financial significance are outlined below:

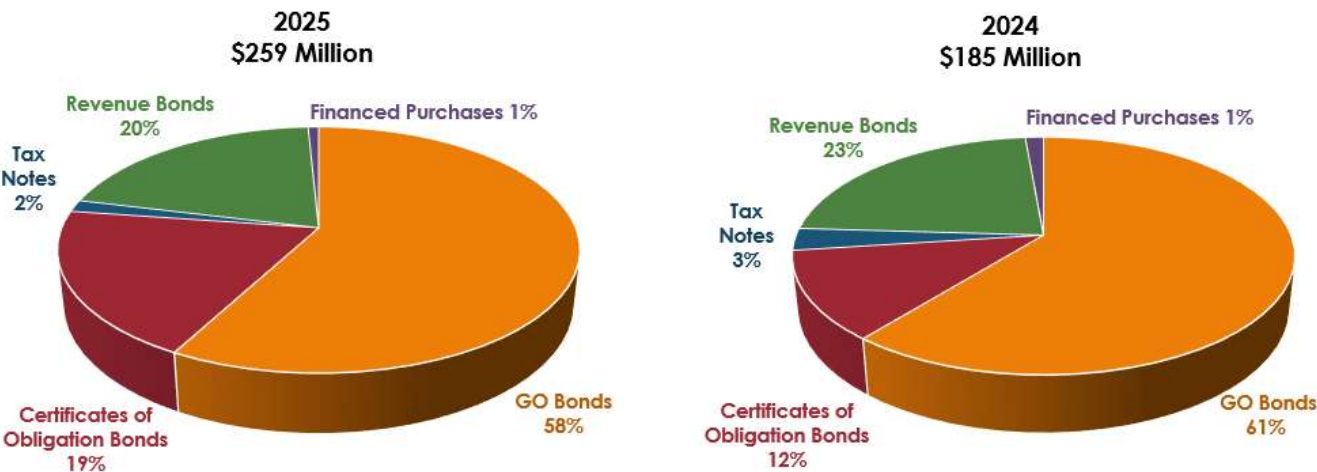
- Allocations for capital improvements including water, wastewater, and roadway projects and maintenance as well as for facilities capital projects that consolidate or improve city facilities
- Appropriations for police and fire capital equipment
- Increased personnel costs
 - To keep employee compensation competitive, enhancements were made to Police and Fire compensation plans and Public Works field positions. All other employees will receive a 1% increase on October 1 plus their step increase or up to a 3% performance-based merit increase on their anniversary date.
 - Seven full-time positions are being added, including two Police Officers and one Detention Services Assistant Supervisor in Public Safety. Operationally the City will add a Traffic Operations Technician, a Fleet Maintenance Technician, a Purchasing Agent, and a Customer Service Representative to the Utility Customer Service Center.

The Water and Sewer Enterprise Fund must continue to adjust with the economic climate for the FY2026 budget year, as North Texas Municipal Water District (NTMWD) water delivery rates increased by 7%. Wastewater treated by the City of Garland also increased by 10% for FY2026.

The Five-Year Capital Improvement Plan (CIP) total budget increased to \$332 million, up \$15 million over the FY2025 budget, and includes funds for several infrastructure projects for streets, water, sewer, and drainage projects along with the Public Safety Facility, Animal Shelter, and Municipal Complex. The complete list consists of a carefully curated set of capital equipment, and capital improvement and maintenance projects for streets, water and wastewater infrastructure, facilities, public safety, parks and recreation. All investments are necessary to advance critical projects and to keep pace with the demands of the City's growth and maintenance.

As of September 30, 2025, the City had various outstanding debt issues including bonds and financed purchases totaling \$259 million, exclusive of premiums, discounts, or deferred losses. Of this total, \$206 million is supported by a combination of ad valorem taxes and governmental operations. Revenues from the enterprise funds support \$53 million, including \$400 thousand for the enterprise portions of general obligation refundings.

As of September 30, 2025, the breakdown of outstanding debt by type is as follows:



As of September 30, 2025, Rowlett's bond ratings are as follows:

	<u>General Obligation & Certificates of Obligation</u>	<u>Revenue Bonds</u>
Standard & Poor's	AA+	AA-
Moody's Investor Service	Aa2	Aa3

Funding Initiatives

2023 Bond Election: In May 2023, voters approved Propositions A, B, and C of the 2023 General Obligation Bond Referendum, totaling over \$76 million, the largest in the City's history. Funding from this election supports a new Public Safety Facility, a new Animal Shelter, and Phases II and III of Herfurth Park. The first bond series was issued in August 2023, with a second issuance in August 2025. In February 2025, the City also issued \$20 million in Series 2025 Certifications of Obligation to fund a Municipal Complex adjacent to the 2023 bond-funded projects.

2024 Bond Election: In May 2024, voters approved Propositions A, B, C, and D of the 2024 General Obligation Bond Referendum, totaling over \$51 million. These funds support improvements to public safety facilities, street and roadways, parks, and street lighting for Lakeview Parkway. The initial issuance occurred in August 2024, with a second issuance in August 2025.

Certificates of Obligation and Tax Notes: In fiscal year 2024, the City incorporated the annual issuance of Certificates of Obligation and Tax Notes into its debt strategy to purchase vehicles and capital equipment and to support various infrastructure improvements. The most recent tranche of these debt instruments was issued in August 2025 to fund fiscal year 2026 capital needs.

As a continuation of the three-year bonding strategy, the City plans to propose a 2027 General Obligation Bond Referendum to the residents. As with other recent bond elections, the Community Investment Program Task Force will gather information regarding community needs, citizen desires, and service expansion. The issuance of these bonds is anticipated to be structured within the City's existing and projected debt capacity without increasing the City's tax rate, supported by declining outstanding debt, growth in taxable values, and new construction added to the tax rolls.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rowlett for its Annual Comprehensive Financial Report for the fiscal year ended 2024. This is the 21st consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes its current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2024. To receive this award, a governmental unit must publish a budget document that meets program criteria of a policy document, an operations guide, a financial plan, and a communication device.

The preparation of this report would not have been possible without the dedicated service of the entire staff of the Financial Services Department. We wish to express our appreciation to all members of the department. We would also like to thank the Mayor and City Council for their interest and trustworthy support, for maintaining the highest standards of professionalism in the management of the City of Rowlett and for conducting the financial operations in a responsible and progressive manner.

Respectively submitted,



David Hall
City Manager



Wendy Badgett
Finance Director



Organizational Chart January 2026

Citizens of Rowlett



City of Rowlett
List of Principal Officials

CITY COUNCIL

Jeff Winget	Mayor
Michael Schupp	Mayor Pro-tem
Mike Britton	Deputy Mayor Pro-tem
Jonathan Reaves	Councilmember
Marvin Gibbs	Councilmember
Elise Bowers	Councilmember
John P. Bowers III	Councilmember

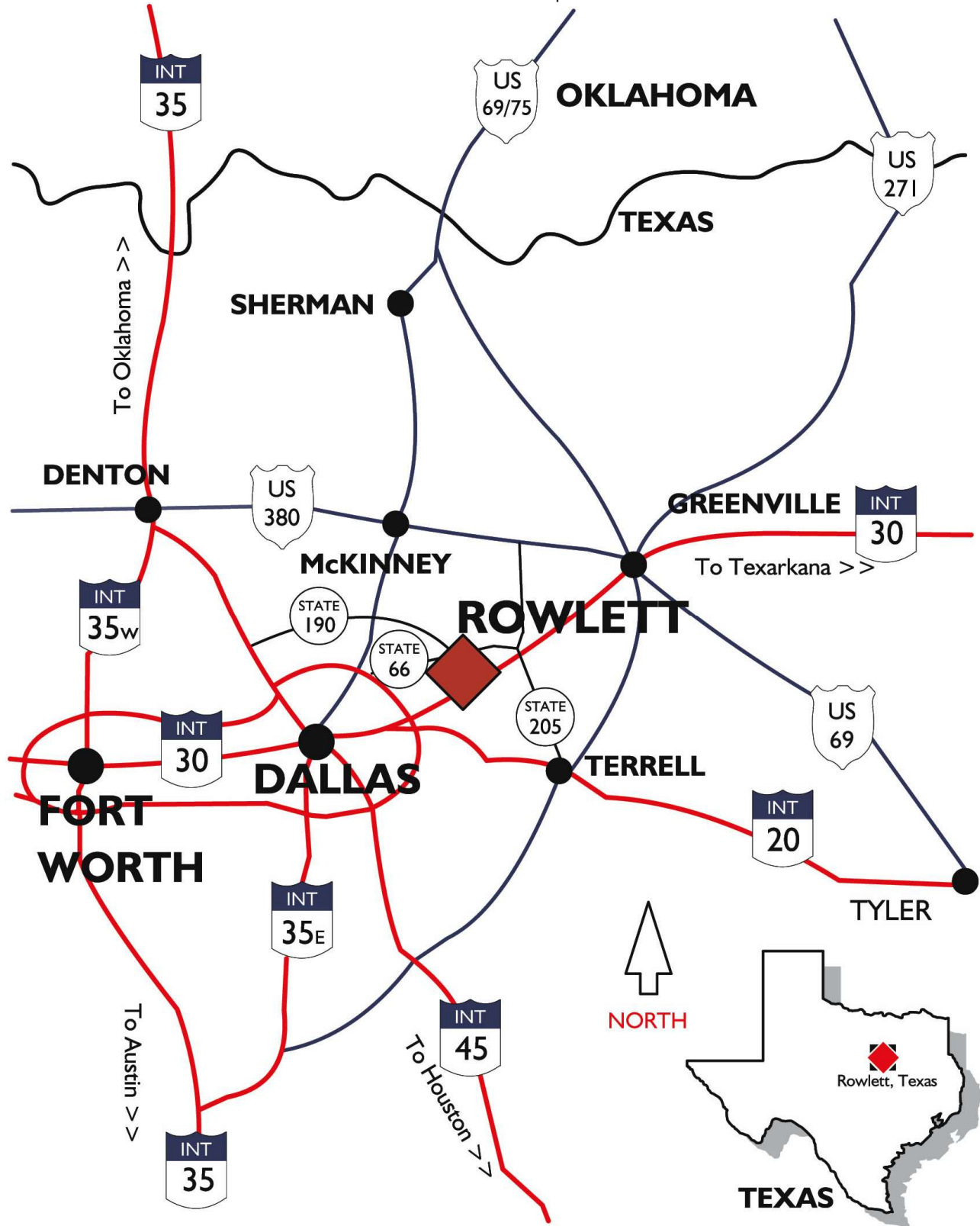
APPOINTED OFFICIALS

David Hall	City Manager
Victoria Thomas	City Attorney
Deborah Sorensen	City Secretary
Chris Kilgore	City Judge

MANAGEMENT TEAM

Kristoff Bauer	Deputy City Manager
Vacant	Assistant City Manager
Munal Mauladad	Managing Director
Derek Huff	Community Development
Wendy Badgett	Financial Services
Tim Gauthier	Fire Rescue
Rick DeOrdio	Human Resources
David Leibowitz	Information Technology
Laura Tschoerner	Library
Ryan Mullins	Parks and Recreation
Michael Denning	Police

City of Rowlett
Location Map





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Rowlett
Texas**

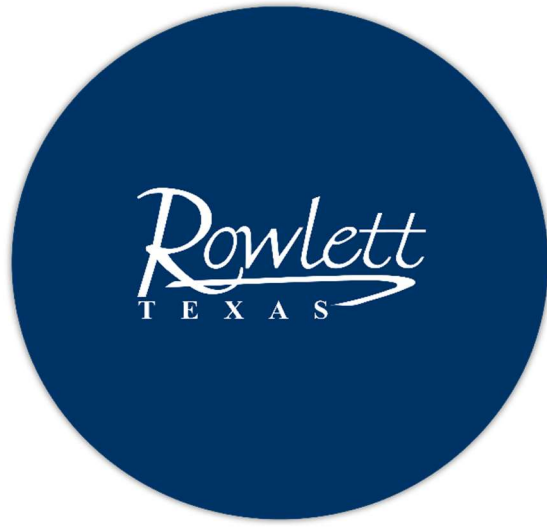
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rowlett, Texas (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

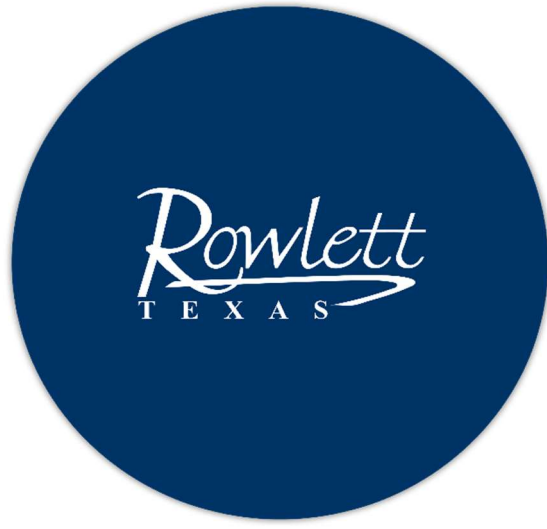
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

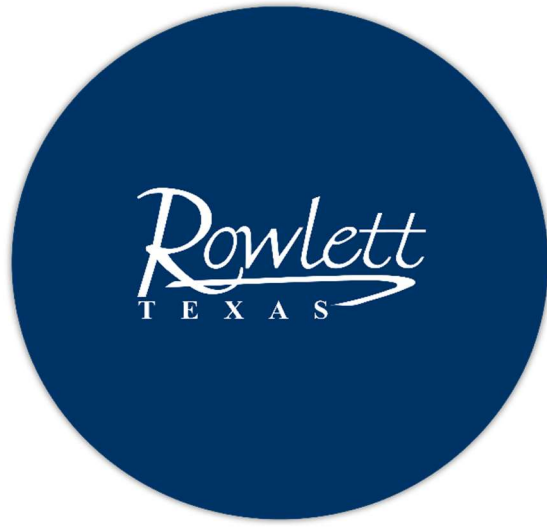
Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 9, 2026



Management's Discussion and Analysis



Management's Discussion and Analysis

Our discussion and analysis of the City of Rowlett's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements. All amounts are expressed in millions of dollars unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$346 million (net position) as of September 30, 2025. Of this amount, \$230 million (67%) is net investment in capital assets and \$29 million (8%) is restricted for specific purposes. The remaining \$87 million (25%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$53 million.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$215 million, an increase of \$73 million when compared to the prior year. Within total fund balance, \$163 million (75%) is restricted by specific legal requirements, \$6 million (3%) is assigned to specific types of expenditures, and \$0.3 million (1%) is non-spendable as it relates to prepaids and inventories. The remainder of the fund balance, \$45 million (21%), is unassigned in the general and other governmental funds.
- The City's outstanding debt increased \$74 million due to the issuance of General Obligation bonds, Certificates of Obligation, Tax Notes and Revenue bonds in fiscal year 2025.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City of Rowlett's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner resembling private-sector businesses.

The statement of net position presents information on the City's assets and deferred outflows along with its liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rowlett is improving or deteriorating. The statement of net position combines and consolidates governmental and business type funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. In order to assess the overall health or financial condition of the City, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e., roads, drainage improvements, storm and sewer lines, etc).

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. The current year's revenues and expenses are considered regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the statement of net position and the statement of activities, the City is divided into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, libraries, community development, recreation operations, public works, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities** – The City charges fees to customers to fund the majority of the cost of certain services it provides. The City's water and sewer system, refuse system, and municipal drainage system are reported here.
- **Component unit** – The City reports the activities of the Rowlett Housing Finance Corporation; a legally separate entity created under Chapter 394 of the Texas Local Government Code.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements – A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rowlett maintains fourteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 26-29 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, refuse services, and municipal drainage. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, refuse, and drainage funds since they are all considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 39-78 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health benefits to its employees and retirees.

The required supplementary information can be found on pages 81-90 of this report.

Other supplementary information and the combining statements referred to earlier in connection with non-major governmental funds can be found on pages 92-97 of this report.

Government-Wide Financial Analysis

Over time, net position may serve as a useful indicator of a government's financial position. The City's combined net position was \$346 million as of September 30, 2025.

CITY OF ROWLETT'S NET POSITION (in thousands)						
	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 253,707	\$ 162,707	\$ 94,166	\$ 76,789	\$ 347,873	\$ 239,496
Capital assets	191,807	169,931	136,754	123,179	328,561	293,110
Total assets	445,514	332,638	230,920	199,968	676,434	532,606
Deferred outflows	6,856	9,601	789	1,119	7,645	10,720
Current liabilities	20,696	8,451	6,025	3,852	26,721	12,303
Noncurrent liabilities	241,104	180,195	59,288	48,454	300,392	228,649
Total liabilities	261,800	188,646	65,313	52,306	327,113	240,952
Deferred inflows	10,331	8,520	320	220	10,651	8,740
Net position:						
Net investment in capital assets	114,607	97,679	115,547	103,209	230,154	200,888
Restricted	23,114	12,759	6,042	5,351	29,156	18,110
Unrestricted	42,518	34,635	44,487	40,001	87,005	74,636
Total net position	\$ 180,239	\$ 145,073	\$ 166,076	\$ 148,561	\$ 346,315	\$ 293,634

By far, the largest portion of the City's net position (67%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens.

Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (25%) may be used to meet the government's ongoing obligations to citizens and creditors.

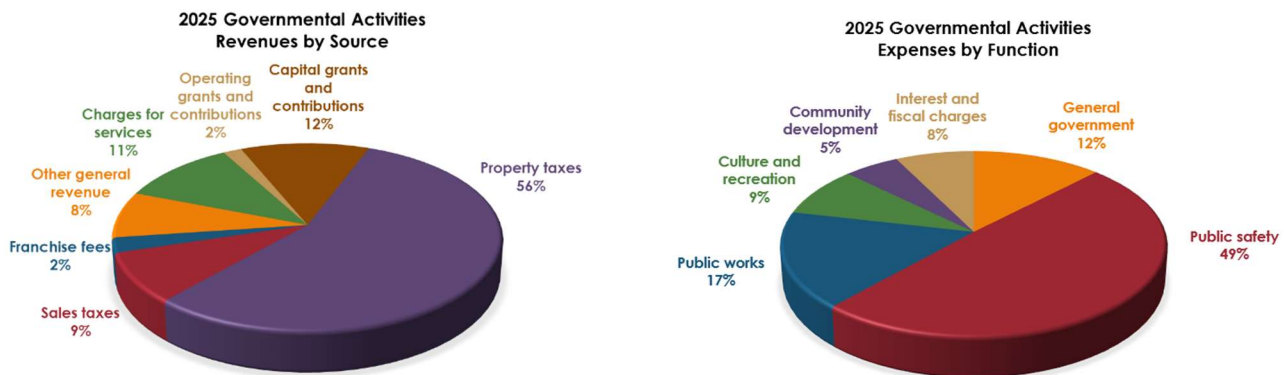
At the end of the current fiscal year, the City maintained positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true in the prior fiscal year.

The City of Rowlett's overall net position increased by \$53 million during the current fiscal year. Details are listed below and discussed on the following pages.

CITY OF ROWLETT'S CHANGES IN NET POSITION						
(in thousands)						
	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 12,831	\$ 10,017	\$ 46,731	\$ 44,534	\$ 59,562	\$ 54,551
Operating grants and contributions	2,016	3,048	-	-	2,016	3,048
Capital grants and contributions	14,032	3,303	17,726	5,244	31,758	8,547
General revenues						
Property taxes	64,501	55,175	-	-	64,501	55,175
Sales taxes	9,996	9,809	-	-	9,996	9,809
Other taxes	341	423	-	-	341	423
Franchise fees	2,956	3,037	-	-	2,956	3,037
Investment income	6,581	4,230	2,486	2,096	9,067	6,326
Gain on sale of assets	-	-	-	33	-	33
Other	2,272	1,532	51	579	2,323	2,111
Total revenues	115,526	90,574	66,994	52,486	182,520	143,060
Expenses						
General government	10,135	9,994	-	-	10,135	9,994
Public safety	40,618	38,856	-	-	40,618	38,856
Public works	13,884	11,955	-	-	13,884	11,955
Culture and recreation	7,141	6,354	-	-	7,141	6,354
Community development	4,359	4,070	-	-	4,359	4,070
Interest on long-term debt	6,157	3,579	-	-	6,157	3,579
Water and sewer	-	-	38,067	35,526	38,067	35,526
Refuse	-	-	7,784	7,463	7,784	7,463
Drainage	-	-	1,694	1,639	1,694	1,639
Total expenses	82,294	74,808	47,545	44,628	129,839	119,436
Increase in net position before transfers	33,232	15,766	19,449	7,858	52,681	23,624
Transfers	1,934	2,314	(1,934)	(2,314)	-	-
Increase in net position	35,166	18,080	17,515	5,544	52,681	23,624
Net position, beginning	145,073	126,993	148,561	143,017	293,634	270,010
Net position, ending	\$ 180,239	\$ 145,073	\$ 166,076	\$ 148,561	\$ 346,315	\$ 293,634

Governmental Activities

Governmental activities increased the City's net position by \$35 million. Net investment in capital assets increased \$17 million, and restricted net position increased \$10 million. Unrestricted net position increased by \$8 million as a result of operations.



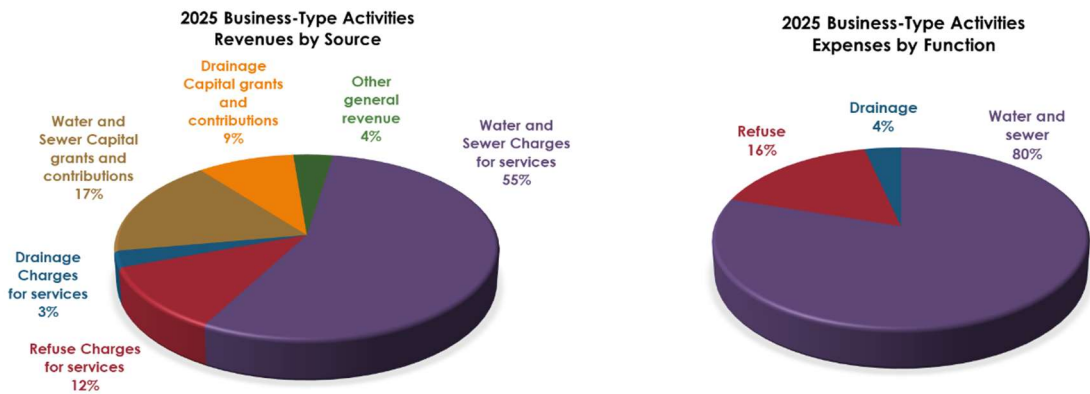
Total revenues for governmental activities, excluding transfers, were \$116 million in fiscal year 2025, an increase of \$25 million when compared to the prior year. Property tax remained the City's most significant revenue source, totaling \$65 million or 56% of total governmental revenues. The key factors contributing to the increase in revenues are as follows:

- Within General Revenues, property taxes increased \$9 million, primarily due to a 9.8% increase in certified taxable value compared to the prior year. Investment income contributed an additional \$2 million during fiscal year 2025.
- Program Revenues also increased during fiscal year 2025. Charges for services rose by \$3 million, primarily attributable to higher revenues from street impact fees associated with development activity. In addition, capital grants and contributions increased \$11 million compared to the prior year, largely due to streets related grants and developer donations.
- These increases were partially offset by a slight decrease in franchise fees of \$0.1 million in fiscal year 2025.

Overall, governmental activities expenses totaled \$82 million in fiscal year 2025, up \$7 million compared to the prior year. This increase was driven primarily by increased personnel costs, including the addition of 8.5 employees, merit and step increases, and pay plan adjustments. Expenses also increased due to higher levels of capital project activity and additional debt issuances related to those activities. The City's most significant governmental expense was providing public safety for the community, which equaled \$41 million, or 49% of total expenses. Public safety expenses are partially offset by revenues collected from a variety of sources, with the largest being from court fines totaling \$1 million.

Business-type Activities

Business-type activities increased the City's net position by \$18 million. Net investment in capital assets increased \$12 million from fiscal year 2024. Restricted net position increased \$1 million and unrestricted net position increased \$5 million.



Revenues for the City's business-type activities totaled \$67 million for the fiscal year ending September 30, 2025, an increase of \$15 million compared to the prior year. Total operating expenses were \$48 million, an increase of \$3 million from the prior year. The breakdown of these fluctuations are as follows:

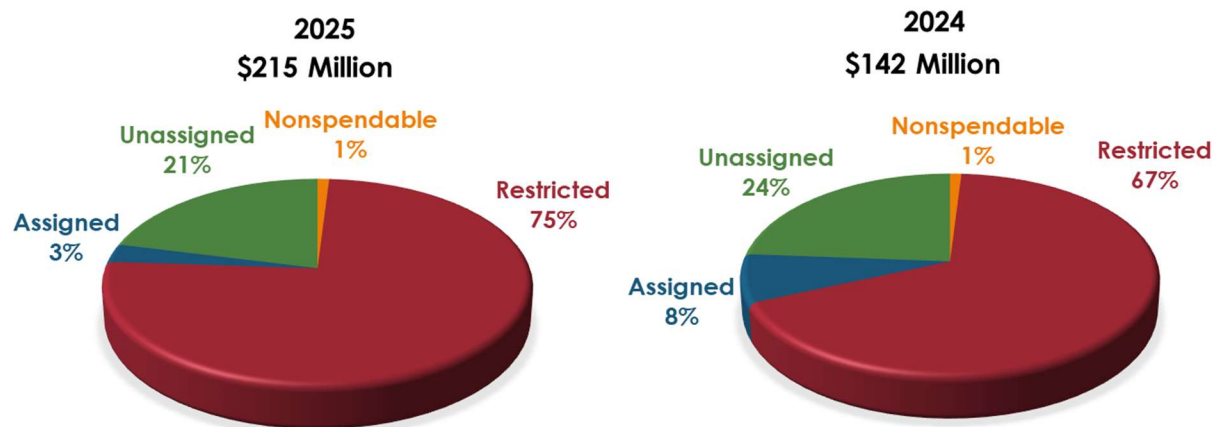
- The City's water and sewer system accounts for 75% of business-type program revenues and 80% of business-type expenses. Water and sewer operations reported charges for services that were \$1 million below expenses. Charges for services revenues increased over the prior year by \$2 million, primarily attributable to water and sewer rate increases. At \$20 million, or 42% of total expenses, water supply and wastewater treatment costs are the most significant expense. The water and sewer system also received \$10 million in capital contributions and \$2 million in impact fees.
- The City's refuse activity operated with expenses slightly outpacing charges for services revenues, resulting in a \$73 thousand shortfall for the fiscal year.
- The City's drainage activity operated with charges for services exceeding expenses by \$0.2 million. This surplus is primarily attributable to an increase in commercial drainage fee revenues.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$215 million. Within this total, \$0.3 million is non-spendable for prepaid items and inventories, \$163 million is restricted by specific legal requirements, such as debt covenants, capital projects and specific purposes, and \$6 million has been assigned to specific types of expenditures. The remainder of the fund balance, \$45 million or 21%, constitutes unassigned fund balance of \$46 million in the general fund and a deficit fund balance of \$0.1 million in the grant fund.



The general fund is the chief operating fund of the City. The net change in fund balance for the general fund was an increase of \$10 million for the current year. Key factors in this increase are as follows:

- Revenues increased by \$5 million in fiscal year 2025. The most significant contributor to this increase is property taxes revenue, which rose by \$3 million as a result of higher certified taxable values. Other notable revenue increases included miscellaneous revenues, which increased \$1 million due primarily to the receipt of development related activities, and investment earnings, which increased by \$1 million reflecting the elevated interest rate environment during the fiscal year.
- Other financing sources and uses decreased by \$1 million, mostly due to a combination of an increase of \$2 million in transfers to other funds along with a decrease of \$3 million in transfers from other funds.
- Expenditures increased by \$3 million. Current operating expenses increased \$4 million, primarily due to salary increases along with the addition of 8.5 employees and 10 employees absorbed from expiring grants. Capital outlay decreased \$0.5 million in fiscal year 2025.

The debt service fund has a total fund balance of \$3 million, all of which is legally restricted for the payment of debt service. The fund balance increased over the prior year by \$0.4 million primarily due to an increase in property tax values.

The capital projects fund has a total fund balance of \$147 million, most of which is restricted or assigned for the acquisition or construction of capital facilities and assets, and a non-spendable amount of \$65 thousand that represents inventories. The capital projects fund expended \$30 million in fiscal year 2025, an increase of \$10 million over the prior year. This increase was primarily due to capital projects related to improvements at Wet Zone, Kids Kingdom, and the Fire and Police Station at Sapphire Bay, as well as equipment purchases for street and alley crews.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

- Net position of the City's water and sewer fund totaled \$129 million at September 30, 2025. Of this amount, \$84 million is net investment in capital assets, \$6 million is restricted for debt service, and \$39 million is unrestricted. The fund's net position increased \$11 million in the fiscal year. Charges for services revenues increased over the prior year by \$2 million as a result of an increase in water and sewer rates. In addition, the fund received \$10 million in capital contributions related to projects including One 90 Main, Enclave Lift Station, Oxenfree, Lakeview Business District Phase I & II, and Cottonwood Creek MIA & NIA, as well as \$2 million in impact fees. Water and sewer system expenses increased \$2 million mostly due to increased water supply and wastewater treatment costs.
- Net position of the City's refuse fund totaled \$0.5 million, with the majority being unrestricted, and \$11 thousand designated as net investment in capital assets. The fund's net position remained relatively stable compared to the prior year with a modest decrease of \$14 thousand.
- Net position of the City's drainage fund totaled \$36 million, of which \$31 million is net investment in capital assets and \$5 million is unrestricted. Net position for the drainage fund increased \$7 million primarily due to capital contributions related to Lakeview Business District Phase I and Miller Heights.

General Fund Budgetary Highlights

Original budget compared to final budget: The adopted general fund budget was not amended in fiscal year 2025.

Final budget compared to actual results: For fiscal year 2025, actual revenues were \$69 million compared to the final budget of \$64 million, primarily due to higher-than-anticipated property tax, building permit, ambulance fee, interest earnings, and development related revenues. Actual expenditures were \$60 million, compared to the final budget of \$63 million as a result of salary savings and lower than anticipated purchase service and supplies expense. Fund balance at year end totaled \$47 million, \$9 million more than budgeted because of these variances.

Capital Assets and Debt Administration

Capital Assets: The City had \$329 million (net of accumulated depreciation) invested in a broad range of capital assets for its governmental and business-type activities as of September 30, 2025. This investment in capital assets includes land, buildings and improvements, machinery, equipment, vehicles, roads, bridges, water and sewer lines, right-to-use leased assets, right-to-use subscription assets, and construction in progress. This amount represents a 12% increase totaling \$35 million in capital assets, net of accumulated depreciation, for the current fiscal year.

	Capital Assets at Year-End (Net of Depreciation and Amortization, in Thousands)					
	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 33,196	\$ 33,124	\$ 1,086	\$ 1,086	\$ 34,282	\$ 34,210
Buildings and improvements	23,625	25,233	4,432	4,752	28,057	29,985
Machinery and equipment	12,328	9,675	2,089	2,384	14,417	12,059
Infrastructure	69,399	53,660	105,282	96,894	174,681	150,554
Right-to-use leased buildings	619	887	-	-	619	887
Right-to-use leased equipment	721	954	136	262	857	1,216
Right-to-use subscription assets	58	55	-	-	58	55
Construction in progress	51,861	46,343	23,729	17,801	75,590	64,144
Total	\$ 191,807	\$ 169,931	\$ 136,754	\$ 123,179	\$ 328,561	\$ 293,110

This year's completed major construction projects and capital acquisitions included:

Miller Road, Phase 2	\$ 12,472,932
Machinery and Equipment	4,160,556
Enclave Lift Station - Sewer Improvements	4,046,117
Oxenfree - Paving Improvements	3,620,977
Miller Heights Culver - Drainage Improvements	2,713,845
Merritt Road Interconnector - Paving Improvements	2,463,034
Lakeview Pkwy (SH66) and Dalrock Intersection Improvements	2,269,936
Lakeview Business District - Phase I - Drainage Improvements	2,141,580
Lakeview Business District - Phase I - Water Improvements	2,018,825
Motor Vehicles	1,860,254
Oxenfree - Drainage Improvements	1,377,153
Oxenfree - Water Improvements	1,013,364
Oxenfree - Sewer Improvements	867,180
One 90 Main - Paving Improvements	851,033
Dalrock Road & SH66 Water Improvements	638,414
Lakeside Park Investments	574,198
Lakeview Business District - Offsite Sewer Improvements	350,690
	<u>\$ 43,440,088</u>

For more information related to capital assets, see Note 6 to the basic financial statements.

Long-Term Debt: At year-end, the City had \$257 million in general obligation bonds, certificates of obligation, tax notes, and revenue bonds outstanding as compared to \$183 million at the end of the prior fiscal year, an increase of \$74 million.

	Outstanding Debt at Year End (in thousands)					
	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds (backed by the City)	\$ 149,077	\$ 111,711	\$ 368	\$ 699	\$ 149,445	\$ 112,410
Certificates of obligation (backed by the City)	50,760	22,340	-	-	50,760	22,340
Tax notes (backed by the City)	4,025	6,155	-	-	4,025	6,155
Revenue bonds (backed by fee revenues)	-	-	52,700	41,875	52,700	41,875
Total	\$ 203,862	\$ 140,206	\$ 53,068	\$ 42,574	\$ 256,930	\$ 182,780

During the current fiscal year, the City issued \$45 million in new general obligation bonds, \$29 million in certificates of obligation, and \$3 million in tax notes. The City also issued \$14 million in waterworks and sewer system revenue bonds.

The City's general obligation bonds, certificates of obligation, and tax notes carry Aa2 and AA+ ratings by Moody's Investor Service and Standard and Poor's, respectively. The City's water and sewer revenue bonds carry Aa3 and AA- by Moody's Investor Service and Standard and Poor's, respectively.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. In May 2003, the citizens of Rowlett amended the Charter to limit the amount of taxes that may be levied to \$1.25 per \$100 of assessed valuation.

More detailed information about the City's long-term liabilities is presented in Note 9 to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials consider many factors when setting each year's budget. The most notable challenges for the future include employee retention and attraction, keeping pace with city growth, and utility rates. With the combination of rising tax values, new growth, and additional tax dollars, the fiscal year 2026 adopted budget includes funding priorities in alignment with the City of Rowlett Strategic Plan:

- Govern transparently and inclusively
- Ensure a safe community
- Strengthen neighborhood livability
- Enhance quality of life
- Foster economic vitality
- Invest in transportation and infrastructure
- Promote operational excellence

Revenue Projection Highlights:

The total combined budget revenue projections for fiscal year 2026 is \$262 million.

- Property tax revenue is projected to reach \$67 million, compared to the actual amount for fiscal year 2025 of \$64 million. The overall property tax rate increased in fiscal year 2026, set at \$0.807891 per one hundred dollars of taxable valuation, with \$0.538841 allocated to operations and maintenance and \$0.269050 allocated to debt service. Certified property valuations increased by \$237 million or 2.6% for fiscal year 2026. This increase is a result of a rise in appraised values as well as new construction added to the tax rolls through January 2025.
- Sales tax revenue is projected at \$10 million, which is consistent to the actual amount for fiscal year 2025 of \$10 million. Sales tax was projected to slightly increase by \$0.2 million from the fiscal year 2025 adopted budget.
- General fund licenses and permits are projected at \$1 million, compared to the actual amount for fiscal year 2025 of \$3 million. This decrease is anticipated due to the volatility of development timing.
- Enterprise fund charges for services are projected at \$51 million, compared to the actual amount for fiscal year 2025 of \$47 million. This represents a \$4 million increase in water and sewer, a \$1 million increase in refuse, and a \$27 thousand increase in drainage revenues. The projected revenues for fiscal year 2026 reflect the results of the City's water and sewer rate study, which includes adjustments to the base and volume rate, as detailed below:

Residential Water & Sewer Customers Only	Adopted FY2025	Adopted FY2026
Beginning Base Rate	\$ 44.54	\$ 45.33
New Base Rate	\$ 45.33	\$ 49.31
Volume Rate - 0-3,000 gallons	\$ 9.87	\$ 10.76
Volume Rate - 3,000- 15,000 gallons	\$ 12.45	\$ 13.53
Total Monthly Fee @ 7,500 gallons per month	\$ 130.97	\$ 142.48
Dollar change	\$ 3.67	\$ 11.51
Percent change	2.9%	8.8%

Appropriation Budget Highlights:

The total combined budget appropriations for fiscal year 2026 is \$262 million.

- Expenses in the general fund are projected to be \$70 million in fiscal year 2026. This is a projected increase of \$3 million, or 5.3%, when compared to the fiscal year 2025 budget of \$67 million. The increase is driven primarily by the addition of 6 new positions as well as merit, step increases, and pay plan adjustments for existing staff.

Overall general fund expenditure changes are summarized below:

General Fund Expenses	Adopted FY2025	Adopted FY2026	\$ Change	% Change
Personnel	\$ 51,201,975	\$ 53,716,109	\$ 2,514,134	4.9%
Supplies	2,787,405	2,863,004	75,599	2.7%
Purchase Services	11,766,465	12,348,701	582,236	4.9%
Capital Outlay	99,250	411,632	312,382	314.7%
Transfers Out	1,021,979	1,052,051	30,072	2.9%
Total Expenses	\$ 66,877,074	\$ 70,391,497	\$ 3,514,423	5.3%

- The fiscal year 2026 utility fund budget totals \$42 million, representing an increase of \$3 million, or 9% from the fiscal year 2025 budget of \$38 million. This increase is driven primarily by higher costs for water delivery from North Texas Municipal Water District (NTMWD) and increased wastewater treatment costs charged by the City of Garland.

Overall utility fund expenditure changes are summarized below:

Utility Fund Expenses	Adopted FY2025	Adopted FY2026	\$ Change	% Change
Personnel Costs	\$ 4,064,382	\$ 4,163,803	\$ 99,421	2.4%
Water/Sewer Contract Services	19,354,375	20,958,334	1,603,959	8.3%
Other Purchased Services and Supplies	2,380,862	2,639,002	258,140	10.8%
Debt Service	4,752,971	5,277,321	524,350	11.0%
Capital Outlay	-	3,617	3,617	100.0%
Transfers Out	7,792,789	8,725,973	933,184	12.0%
Total Expenses	\$ 38,345,379	\$ 41,768,050	\$ 3,422,671	8.9%

- In the employee benefits fund, fiscal year 2026 expenses are budgeted to increase by 10% due to a \$0.4 million increase in benefit payments, a \$0.2 million increase in individual stop loss, and a \$0.1 million increase in OPEB distributions. Also, transfers out for general and administrative fees were reinstated in the amount of \$0.2 million for fiscal year 2026. To support these higher costs, the revenue budget was increased by 8%, to \$10 million. Currently, the City contributes approximately 87% to the revenues of this fund, and employees and retirees contribute approximately 13%.

Overall employee benefit fund changes are summarized below:

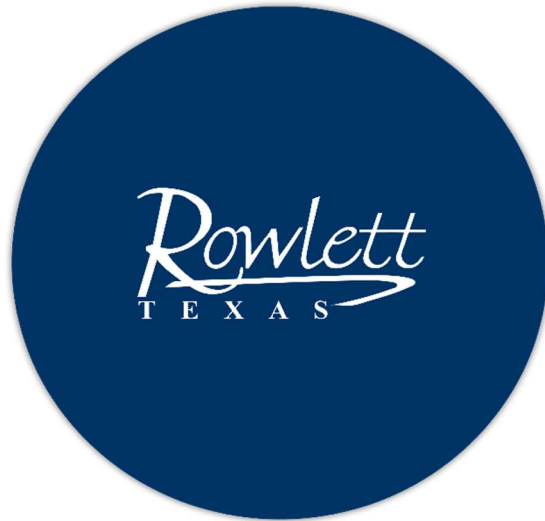
Revenues				
Employee Benefits Fund Revenues	Adopted FY2025	Adopted FY2026	\$ Change	% Change
City Contributions	\$ 6,866,148	\$ 7,199,743	\$ 333,595	4.9%
Employee Contributions	1,175,337	1,207,022	31,685	2.7%
Retiree Contributions	30,000	30,000	-	-%
Other	807,500	1,150,639	343,139	42.5%
Total Revenues	\$ 8,878,985	\$ 9,587,404	\$ 708,419	8.0%

Expenses

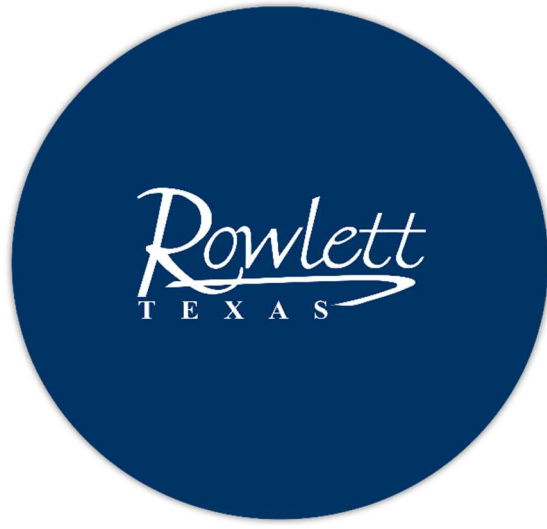
Employee Benefits Fund Expenses	Adopted FY2025	Adopted FY2026	\$ Change	% Change
Benefits Administration	\$ 402,561	\$ 423,484	\$ 20,923	5.2%
Individual Stop Loss	1,642,740	1,815,098	172,358	10.5%
Benefit Payments	6,355,215	6,730,396	375,181	5.9%
OPEB Distributions	200,000	320,000	120,000	60.0%
Personnel	123,982	126,742	2,760	2.2%
Other (Wellness / G&A)	160,000	120,000	(40,000)	(25.0%)
Transfers Out (G&A)	-	220,365	220,365	100.0%
Total Expenses	\$ 8,884,498	\$ 9,756,085	\$ 871,587	9.8%

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Financial Services at City of Rowlett, 4004 Main Street, Rowlett, TX 75088 or check our website at www.Rowlett.com.



Basic Financial Statements



City of Rowlett, Texas
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-type Activities	Total	Component Unit As of December 31, 2024
ASSETS				
Cash, cash equivalents and investments	\$ 234,755,034	\$ 85,131,635	\$ 319,886,669	\$ 1,545,411
Receivables (net of allowance for doubtful accounts)	12,323,312	7,437,264	19,760,576	53,242
Due from other governments	6,087,382	190,299	6,277,681	-
Notes receivable	-	7,836	7,836	-
Inventories	131,424	1,343,188	1,474,612	-
Prepaid and other items	410,463	55,634	466,097	20,052
Capital assets:				
Nondepreciable	85,056,479	24,814,305	109,870,784	6,582,322
Depreciable (net)	106,750,231	111,940,024	218,690,255	34,393,427
Total assets	445,514,325	230,920,185	676,434,510	42,594,454
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	265,517	296,456	561,973	-
Deferred outflow of resources - TMRS	6,008,549	446,744	6,455,293	-
Deferred outflow of resources - OPEB	581,543	46,147	627,690	-
Total deferred outflows of resources	6,855,609	789,347	7,644,956	-
LIABILITIES				
Accounts payable and accrued liabilities	17,517,272	4,210,308	21,727,580	311,275
Accrued interest payable	1,362,892	187,543	1,550,435	-
Retainage payable	906,111	522,653	1,428,764	-
Customer deposits	-	1,105,128	1,105,128	37,747
Unearned revenues	909,323	-	909,323	37,854
Noncurrent liabilities:				
Due within one year	13,451,407	3,655,096	17,106,503	747,833
Due in more than one year	227,652,795	55,633,116	283,285,911	35,037,251
Total liabilities	261,799,800	65,313,844	327,113,644	36,171,960
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow of resources - TMRS	2,187,780	160,756	2,348,536	-
Deferred inflow of resources - OPEB	535,448	44,407	579,855	-
Deferred inflow of resources - leases	7,608,185	114,969	7,723,154	6,196,283
Total deferred inflows of resources	10,331,413	320,132	10,651,545	6,196,283
NET POSITION				
Net investment in capital assets	114,606,887	115,546,909	230,153,796	(1,005,618)
Restricted for:				
Debt service	1,537,317	6,041,816	7,579,133	-
Capital projects	10,117,301	-	10,117,301	-
Public safety	7,630,551	-	7,630,551	-
Economic development	3,209,800	-	3,209,800	-
Public broadcasting	618,733	-	618,733	-
Unrestricted	42,518,132	44,486,831	87,004,963	1,231,829
TOTAL NET POSITION	\$ 180,238,721	\$ 166,075,556	\$ 346,314,277	\$ 226,211

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 10,134,932	\$ 85,030	\$ 1,567	\$ -
Public safety	40,617,792	4,319,436	1,933,438	95,000
Public works	13,884,942	4,251,580	59,789	13,937,570
Culture and recreation	7,141,058	992,413	21,646	-
Community development	4,358,802	3,182,907	-	-
Interest on long-term debt	6,157,279	-	-	-
Total governmental activities	82,294,805	12,831,366	2,016,440	14,032,570
Business-type activities:				
Water and sewer	38,067,143	37,129,952	-	11,486,199
Refuse	7,784,032	7,711,154	-	-
Drainage	1,694,029	1,890,030	-	6,239,578
Total business-type activities	47,545,204	46,731,136	-	17,725,777
TOTAL PRIMARY GOVERNMENT	\$ 129,840,009	\$ 59,562,502	\$ 2,016,440	\$ 31,758,347
COMPONENT UNIT				
Rowlett Housing Finance Corp.	\$ 5,822,753	\$ 3,539,366	\$ -	\$ 2,075,785
	\$ 5,822,753	\$ 3,539,366	\$ -	\$ 2,075,785
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other				
Franchise fees				
Investment earnings				
Miscellaneous				
Transfers (net)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
NET POSITION, ENDING				

The Notes to the Financial Statements are an integral part of this statement.

Net Revenues (Expenses) and Changes in Net Position			Component Unit as of 12/31/24
Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (10,048,335)	\$ -	\$ (10,048,335)	\$ -
(34,269,918)	-	(34,269,918)	-
4,363,997	-	4,363,997	-
(6,126,999)	-	(6,126,999)	-
(1,175,895)	-	(1,175,895)	-
(6,157,279)	-	(6,157,279)	-
(53,414,429)	-	(53,414,429)	-
-	10,549,008	10,549,008	-
-	(72,878)	(72,878)	-
-	6,435,579	6,435,579	-
-	16,911,709	16,911,709	-
(53,414,429)	16,911,709	(36,502,720)	-
			(207,602)
			(207,602)
64,500,744	-	64,500,744	-
9,995,844	-	9,995,844	-
341,357	-	341,357	-
2,955,821	-	2,955,821	-
6,580,970	2,486,384	9,067,354	34,156
2,272,078	50,551	2,322,629	-
1,933,868	(1,933,868)	-	-
88,580,682	603,067	89,183,749	34,156
35,166,253	17,514,776	52,681,029	(173,446)
145,072,468	148,560,780	293,633,248	399,657
\$ 180,238,721	\$ 166,075,556	\$ 346,314,277	\$ 226,211

City of Rowlett, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	\$ 58,121,191	\$ 2,599,050	\$ 150,172,569	\$ 19,668,784	\$ 230,561,594
Receivables (net of allowance for uncollectibles):					
Taxes	2,360,557	278,747	-	32,470	2,671,774
Accounts	719,481	-	122,529	-	842,010
Lease receivable	7,608,185	-	-	-	7,608,185
Accrued interest	44,474	2,338	6,114	14,985	67,911
Other	1,083,885	-	-	25,319	1,109,204
Due from other governments	3,029	-	5,880,189	204,164	6,087,382
Due from other funds	20,584	-	-	-	20,584
Inventories	66,183	-	65,241	-	131,424
Prepaid and other items	131,315	21,189	-	-	152,504
Total assets	<u>\$ 70,158,884</u>	<u>\$ 2,901,324</u>	<u>\$ 156,246,642</u>	<u>\$ 19,945,722</u>	<u>\$ 249,252,572</u>
LIABILITIES					
Accounts payable	\$ 1,694,866	\$ 1,115	\$ 2,396,539	\$ 60,631	\$ 4,153,151
Retainage payable	-	-	886,656	19,455	906,111
Accrued liabilities	12,342,125	-	129,169	91,496	12,562,790
Unearned revenue	1,211	-	482,500	425,612	909,323
Due to other funds	-	-	-	20,584	20,584
Total liabilities	<u>14,038,202</u>	<u>1,115</u>	<u>3,894,864</u>	<u>617,778</u>	<u>18,551,959</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	690,526	278,748	-	6,981	976,255
Unavailable revenue - ambulance fees	505,076	-	-	-	505,076
Unavailable revenue - mowing liens	172,136	-	-	-	172,136
Unavailable revenue - franchise fees	185,872	-	-	-	185,872
Unavailable revenue - grants	-	-	5,880,189	140,747	6,020,936
Unavailable revenue - other	53,974	-	-	673	54,647
Deferred inflow of resources - leases	7,608,185	-	-	-	7,608,185
Total deferred inflows of resources	<u>9,215,769</u>	<u>278,748</u>	<u>5,880,189</u>	<u>148,401</u>	<u>15,523,107</u>
FUND BALANCES					
Fund balances:					
Nonspendable:					
Inventories	66,183	-	65,241	-	131,424
Prepaid items	131,315	21,189	-	-	152,504
Restricted for:					
Debt service	-	2,600,272	-	-	2,600,272
Capital projects	-	-	141,435,925	13,883,522	155,319,447
Public safety	-	-	-	1,608,942	1,608,942
Community development	-	-	-	3,209,800	3,209,800
Public broadcasting	-	-	-	618,733	618,733
Assigned for:					
Economic development	1,174,523	-	-	-	1,174,523
Capital acquisition	-	-	4,970,423	-	4,970,423
Unassigned	45,532,892	-	-	(141,454)	45,391,438
Total fund balances	<u>46,904,913</u>	<u>2,621,461</u>	<u>146,471,589</u>	<u>19,179,543</u>	<u>215,177,506</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 70,158,884</u>	<u>\$ 2,901,324</u>	<u>\$ 156,246,642</u>	<u>\$ 19,945,722</u>	<u>\$ 249,252,572</u>

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
September 30, 2025

Amounts reported for governmental activities in the statement
of net position are different because:

Total fund balances per balance sheet - governmental funds	\$	215,177,506
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		191,806,710
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Certain revenues are not available soon enough to pay for the current period's expenditures and are, therefore, reported as deferred inflows of resources.		7,914,922
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:

General obligation bonds	\$	(149,076,597)	
Certificates of obligation payable		(50,760,000)	
Limited tax notes		(4,025,000)	
Bond premiums		(11,870,136)	
Deferred charges on refunding		265,517	
Accrued interest		(1,362,892)	
Financed purchases		(2,006,957)	
Right-to-use lease liability		(1,466,365)	
Subscription liability		(50,067)	
Net pension liability		(13,418,235)	
Net OPEB liability		(2,211,842)	
Compensated absences		(4,171,577)	
Arbitrage rebate liability		(2,047,426)	
			(242,201,577)

Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are not reported in the fund financial statements.		3,866,864
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The internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		3,674,296
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	180,238,721
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The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	\$ 42,516,635	\$ 19,068,013	\$ -	\$ 2,838,441	\$ 64,423,089
Sales taxes	9,995,844	-	-	-	9,995,844
Other	121,964	-	-	219,393	341,357
Franchise fees	2,907,116	-	-	69,700	2,976,816
License and permits	2,591,740	-	-	3,388,373	5,980,113
Charge for services	4,133,400	-	863,207	-	4,996,607
Fines and forfeitures	1,083,634	-	-	749,296	1,832,930
Intergovernmental	1,000,753	-	200,768	1,288,773	2,490,294
Interest	2,408,287	258,767	3,669,602	664,409	7,001,065
Miscellaneous	2,210,307	-	52,171	9,600	2,272,078
Total revenues	68,969,680	19,326,780	4,785,748	9,227,985	102,310,193
EXPENDITURES					
Current operating:					
General government	7,984,078	170,557	-	1,440,000	9,594,635
Public safety	37,029,715	-	-	1,397,170	38,426,885
Public works	3,242,016	-	3,236,132	-	6,478,148
Culture and recreation	6,066,007	-	-	96,740	6,162,747
Community development	4,363,165	-	-	-	4,363,165
Debt service:					
Principal retirement	883,219	13,819,677	384,326	-	15,087,222
Interest and fiscal charges	57,455	5,243,196	66,303	-	5,366,954
Bond issuance costs	-	-	1,026,252	-	1,026,252
Capital outlay	453,873	-	24,872,465	872,503	26,198,841
Total expenditures	60,079,528	19,233,430	29,585,478	3,806,413	112,704,849
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,890,152	93,350	(24,799,730)	5,421,572	(10,394,656)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	21,285	77,453,715	-	77,475,000
Issuance of debt - leases and SBITAs	73,716	-	173,927	-	247,643
Premiums on issuance of debt	-	-	3,496,500	-	3,496,500
Transfers in	2,129,072	242,990	854,568	86,342	3,312,972
Transfers out	(1,083,904)	-	-	(295,200)	(1,379,104)
Total other financing sources (uses)	1,118,884	264,275	81,978,710	(208,858)	83,153,011
NET CHANGE IN FUND BALANCES	10,009,036	357,625	57,178,980	5,212,714	72,758,355
FUND BALANCES, BEGINNING	36,895,877	2,263,836	89,292,609	13,966,829	142,419,151
FUND BALANCES, ENDING	\$ 46,904,913	\$ 2,621,461	\$ 146,471,589	\$ 19,179,543	\$ 215,177,506

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balances - total governmental funds	\$ 72,758,355
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$26,198,841) and capital contributions (\$7,885,677) exceeded depreciation (\$11,383,162), and deletions (\$79,370) in the current period.	22,621,986
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the governmental financial statements, these revenues are referred to as deferred inflows of resources.	5,751,418
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayments of principal	\$ 15,087,222	
Issuance of bonds	(77,475,000)	
Premium on issuance	(3,496,500)	
Issuance of debt - leases and SBITAs	(247,643)	
		(66,131,921)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in the amount of compensated absences	\$ 985,045	
Increase in accrued interest payable	(793,922)	
Increase in arbitrage rebate liability	(420,095)	
Amortization of bond discounts/premiums and deferred losses	1,029,849	
Amortization on right-to-use lease and subscription assets	(732,782)	
		68,095

To record net change in pension activity.	(525,172)
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To record net change in OPEB activity.	(42,936)
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The internal service fund is used by management to charge the costs for self-insurance to the various funds. The change in net position of the internal service fund is reported within the governmental activities.	666,428
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 35,166,253
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The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Enterprise			Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Self-insurance
ASSETS				
Current assets:				
Cash, cash equivalents and investments	\$ 29,193,375	\$ 72,296	\$ 4,461,442	\$ 33,727,113
Restricted cash, cash equivalents and investments:				
Revenue bond covenant accounts	6,041,816	-	-	6,041,816
Receivables (net of allowance for uncollectibles):				
Accounts	5,745,947	1,132,236	264,233	7,142,416
Accrued interest	35,553	296	3,682	39,531
Lease receivable	114,969	-	-	114,969
Other	132,278	8,070	-	140,348
Due from other governments	190,299	-	-	190,299
Inventories	1,343,188	-	-	1,343,188
Prepaid and other items	55,634	-	-	55,634
Total current assets	42,853,059	1,212,898	4,729,357	48,795,314
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Revenue bond construction funds	37,458,607	-	-	37,458,607
Impact fee funds	7,904,099	-	-	7,904,099
Receivables (net of allowance for uncollectibles):				
Notes receivable	7,836	-	-	7,836
Capital assets:				
Land	1,035,735	-	49,925	1,085,660
Buildings	3,178,037	11,384	66,144	3,255,565
Systems	194,682,649	194,768	54,320,380	249,197,797
Machinery and equipment	6,714,210	42,024	739,224	7,495,458
Right-to-use lease equipment	421,196	-	-	421,196
Construction in progress	20,026,958	-	3,701,687	23,728,645
Less accumulated depreciation and amortization	(120,990,252)	(237,646)	(27,202,094)	(148,429,992)
Total capital assets	105,068,533	10,530	31,675,266	136,754,329
Total noncurrent assets	150,439,075	10,530	31,675,266	182,124,871
Total assets	193,292,134	1,223,428	36,404,623	230,920,185
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	295,434	-	1,022	296,456
Deferred outflows of resources - TMRS	424,637	-	22,107	446,744
Deferred outflows of resources - OPEB	44,514	-	1,633	46,147
Total deferred outflows of resources	764,585	-	24,762	789,347
LIABILITIES				
Current liabilities:				
Accounts payable	1,653,823	672,182	17,983	2,343,988
Accrued liabilities	193,333	1,991	5,374	200,698
Accrued interest payable	-	-	2,084	2,084
Retainage payable	41,681	-	-	41,681
Customer deposits	1,105,128	-	-	1,105,128
Compensated absences	19,726	-	620	20,346
Right-to-use lease liability	86,725	-	-	86,725
Bonds payable	3,214,517	-	333,508	3,548,025
Total current liabilities	6,314,933	674,173	359,569	7,348,675
Current liabilities payable from restricted assets:				
Accounts payable	1,665,622	-	-	1,665,622
Accrued interest payable	185,459	-	-	185,459
Retainage payable	480,972	-	-	480,972
Total current liabilities payable from restricted assets	2,332,053	-	-	2,332,053
Total current liabilities	8,646,986	674,173	359,569	9,680,728

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position – Continued
Proprietary Funds
September 30, 2025

	Enterprise			Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Self-insurance
LIABILITIES (Continued)				
Noncurrent liabilities:				
Compensated absences	\$ 134,335	\$ -	\$ 4,221	\$ 138,556
Net pension liability	1,116,739	-	52,379	1,169,118
Net OPEB liability	214,228	-	7,846	222,074
Arbitrage rebate liability	1,181,863	-	-	1,181,863
Right-to-use lease liability	56,506	-	-	56,506
Bonds payable	52,860,986	-	4,013	52,864,999
Total noncurrent liabilities	55,564,657	-	68,459	55,633,116
Total liabilities	64,211,643	674,173	428,028	65,313,844
				801,331
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - leases	114,969	-	-	114,969
Deferred inflows of resources - TMRS	157,653	-	3,103	160,756
Deferred inflows of resources - OPEB	42,847	-	1,560	44,407
Total deferred inflows of resources	315,469	-	4,663	320,132
				-
NET POSITION				
Net investment in capital assets	84,217,679	10,530	31,318,700	115,546,909
Restricted for:				
Debt service	6,041,816	-	-	6,041,816
Unrestricted	39,270,112	538,725	4,677,994	44,486,831
TOTAL NET POSITION	\$ 129,529,607	\$ 549,255	\$ 35,996,694	\$ 166,075,556
				\$ 3,674,296

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise			Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Self-insurance
OPERATING REVENUES				
Charges for services	\$ 37,129,952	\$ 7,711,154	\$ 1,890,030	\$ 46,731,136
Intergovernmental	4,141	-	-	4,141
Miscellaneous	47,479	3,072	-	50,551
				1,836,292
Total operating revenues	37,181,572	7,714,226	1,890,030	46,785,828
				9,846,329
OPERATING EXPENSES				
Personnel services	3,715,040	38,255	24,945	3,778,240
Water supply	12,413,702	-	-	12,413,702
Wastewater treatment	7,686,693	-	-	7,686,693
Contractual services	873,490	4,720	31,756	909,966
Maintenance, repairs and supplies	1,941,853	-	73,797	2,015,650
Utilities	555,249	-	-	555,249
Legal and professional	97,351	-	138	97,489
Refuse collection	-	6,992,871	-	6,992,871
Depreciation and amortization	6,420,824	569	1,332,921	7,754,314
Intragovernmental charges	2,565,388	747,324	214,632	3,527,344
Miscellaneous	66,464	293	-	66,757
Total operating expenses	36,336,054	7,784,032	1,678,189	45,798,275
				9,180,168
OPERATING INCOME (LOSS)	845,518	(69,806)	211,841	987,553
				666,161
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,300,315	30,494	155,575	2,486,384
Gain (loss) on disposition of assets	(3,190)	-	-	(3,190)
Interest and fiscal charges	(1,727,899)	-	(15,840)	(1,743,739)
Total nonoperating revenues (expenses)	569,226	30,494	139,735	739,455
				267
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,414,744	(39,312)	351,576	1,727,008
				666,428
Capital contributions	11,482,058	-	6,239,578	17,721,636
Transfers in	-	25,000	-	25,000
Transfers out	(1,858,872)	-	(99,996)	(1,958,868)
CHANGE IN NET POSITION	11,037,930	(14,312)	6,491,158	17,514,776
				666,428
TOTAL NET POSITION, BEGINNING	118,491,677	563,567	29,505,536	148,560,780
				3,007,868
TOTAL NET POSITION, ENDING	\$ 129,529,607	\$ 549,255	\$ 35,996,694	\$ 166,075,556
				\$ 3,674,296

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 38,747,437	\$ 7,737,877	\$ 1,900,371	\$ 48,385,685	\$ 7,985,950
Cash received from miscellaneous	47,479	3,072	-	50,551	1,836,292
Cash paid to employees for services	(3,730,919)	(38,255)	(19,495)	(3,788,669)	(191,089)
Cash paid for goods and services	(23,989,248)	(8,224,854)	(300,098)	(32,514,200)	(8,908,232)
Net cash provided by (used in) operating activities	11,074,749	(522,160)	1,580,778	12,133,367	722,921
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	25,000	-	25,000	-
Transfers to other funds	(1,858,872)	-	(99,996)	(1,958,868)	-
Net cash provided by (used in) noncapital financing activities	(1,858,872)	25,000	(99,996)	(1,933,868)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital debt	(3,322,110)	-	(320,806)	(3,642,916)	-
Interest and fiscal charges paid on capital debt	(1,591,114)	-	(21,606)	(1,612,720)	-
Proceeds from capital debt	14,849,169	-	-	14,849,169	-
Acquisition and construction of capital assets	(3,284,276)	-	7,001	(3,277,275)	-
Net cash provided by (used in) capital and related financing activities	6,651,669	-	(335,411)	6,316,258	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	2,300,315	30,494	155,575	2,486,384	267
Net cash provided by investing activities	2,300,315	30,494	155,575	2,486,384	267
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	18,167,861	(466,666)	1,300,946	19,002,141	723,188
CASH AND CASH EQUIVALENTS, BEGINNING					
	62,430,036	538,962	3,160,496	66,129,494	3,470,252
CASH AND CASH EQUIVALENTS, ENDING					
	\$ 80,597,897	\$ 72,296	\$ 4,461,442	\$ 85,131,635	\$ 4,193,440
CLASSIFIED AS					
Current assets - unrestricted	29,193,375	72,296	4,461,442	33,727,113	4,193,440
Current assets - restricted, bond funds	6,041,816	-	-	6,041,816	-
Noncurrent assets - restricted, bond funds	37,458,607	-	-	37,458,607	-
Noncurrent assets - restricted, impact fee funds	7,904,099	-	-	7,904,099	-
TOTAL CASH AND CASH EQUIVALENTS, ENDING					
	\$ 80,597,897	\$ 72,296	\$ 4,461,442	\$ 85,131,635	\$ 4,193,440

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES					
Operating income (loss)	\$ 845,518	\$ (69,806)	\$ 211,841	\$ 987,553	\$ 666,161
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	6,420,824	569	1,332,921	7,754,314	-
Changes in assets and liabilities:					
Accounts receivable	532,690	31,910	6,045	570,645	(24,170)
Other receivables	586,174	(5,187)	4,296	585,283	83
Prepaid expenses and other assets	28,553	-	-	28,553	(166,459)
Inventory	430,938	-	-	430,938	-
Accounts payable and accrued liabilities	2,168,093	(479,646)	14,851	1,703,298	247,306
Customer and escrow deposits	69,241	-	-	69,241	-
Accrued compensated absences	(55,416)	-	4,841	(50,575)	-
Net pension liability and OPEB obligation	48,134	-	5,983	54,117	-
Total adjustments	10,229,231	(452,354)	1,368,937	11,145,814	56,760
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 11,074,749	\$ (522,160)	\$ 1,580,778	\$ 12,133,367	\$ 722,921
NONCASH DISCLOSURES:					
Capital contributions	\$ 11,482,058	\$ -	\$ 6,239,578	\$ 17,721,636	\$ -
Capital-related accounts payable	1,863,508	-	20,067	1,883,575	-
Retainage payable	522,653	-	-	522,653	-
Initiation of leases	117,593	-	-	117,593	-

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Fiduciary Funds
September 30, 2025

	PID Custodial Fund	Other Post Employment Benefits Trust Fund
ASSETS		
Restricted Cash	\$ -	\$ 56,455
Investments:		
Money market	8,713,411	-
Equity mutual funds	-	1,615,884
Fixed income mutual funds	-	990,621
Total investments	8,713,411	2,606,505
Total assets	8,713,411	2,662,960
NET POSITION		
Net position restricted for OPEB	-	2,662,960
Net position restricted for custodial funds	8,713,411	-
TOTAL NET POSITION	\$ 8,713,411	\$ 2,662,960

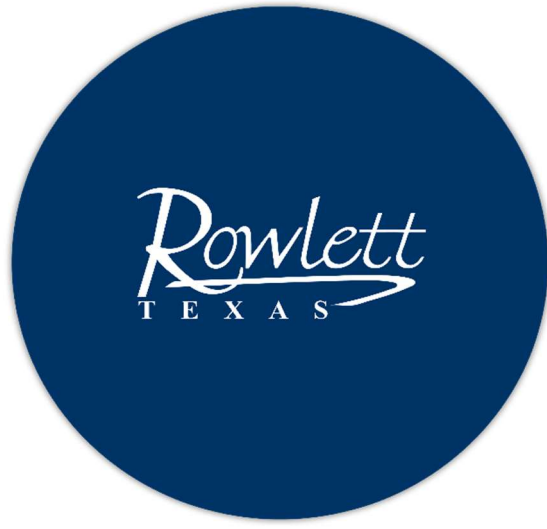
The Notes to the Financial Statements are an integral part of this statement.

City Of Rowlett, Texas
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2025

	PID Custodial Fund	Other Post Employment Benefits Trust Fund
ADDITIONS		
Contributions:		
Private contributions	\$ 5,338,703	\$ -
Employer contributions	-	126,731
Interest income (loss)	473,412	263,787
Total additions	5,812,115	390,518
DEDUCTIONS		
Administrative expenses	-	14,225
Project expenses	7,776,061	-
Total deductions	7,776,061	14,225
Change in net position	(1,963,946)	376,293
Net position, beginning of year	10,677,357	2,286,667
TOTAL NET POSITION, END OF YEAR	<u><u>\$ 8,713,411</u></u>	<u><u>\$ 2,662,960</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements



City of Rowlett, Texas
Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Rowlett, Texas (City) is a municipal corporation governed by an elected mayor and six-member council. It was incorporated on March 1, 1952, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. On January 19, 1980, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants. The City's services include public safety, streets and transportation, water and wastewater, solid waste collection and disposal, environmental health and leisure services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

The City's basic financial statements include all organizations and activities determined to be part of the City's reporting entity.

Discretely Presented Component Unit

The Rowlett Housing Finance Corporation (RHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices. RHFC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. RHFC is reported as a proprietary entity and maintains their accounts on an accrual basis of accounting. RHFC uses an outside accounting firm to conduct their bookkeeping and accounting. The financial information for RHFC is included in the statements for the period of January 1, 2024 through December 31, 2024. Complete separate December 31, 2024 financial statements for RHFC may be obtained from the City.

The financial statements are formatted to provide the user with a clear distinction between the primary government and the discretely presented component unit as they are legally separate entities.

(b) Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, as amended, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation and amortization expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the government funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. GASB Statement No. 34 also requires supplementary information such as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the adopted and modified General Fund budget with actual results for adopted funds.

City of Rowlett, Texas

Notes to the Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/fund net position, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements.

(c) Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, and franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

GASB Statement No. 34 also permits the City to report individual non-major funds if officials believe the fund is particularly important to the financial statement's readers. The Refuse Fund is reported as major for this reason.

(d) Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

City of Rowlett, Texas

Notes to the Financial Statements

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments not due within the operating cycle, are recorded only when the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered unearned revenue.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Business-type activities and all proprietary funds, as well as fiduciary funds, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, refuse, and municipal drainage funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the financing and acquisition of right of way and construction of streets and alleys, buildings, land acquisition and park improvements. Funds are provided primarily through bond sales, impact fees and interest earnings.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of the enterprise. The enterprise operates the water distribution and pump stations, the sewage collection system and lift stations.

City of Rowlett, Texas

Notes to the Financial Statements

The **Refuse Fund** accounts for the activities of the City's residential and commercial trash collection service.

The **Drainage Fund** accounts for the activities of the City's drainage maintenance operations.

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes, such as impact fees, police seizure, court fees, grants, etc.

The **Internal Service Fund** is used to account for the City's self-insurance activities provided to other departments or funds of the City on a cost reimbursement basis.

Fiduciary Funds are used to account for the accumulation of resources to be used for other postemployment benefits (OPEB) for employees of the City and for Bayside North, Bayside South (Sapphire Bay), and Trails at Cottonwood Creek Public Improvement Districts (PIDS).

Assets, Liabilities, and Net Position or Fund Balance

(e) Deposits and Investments

Cash in all funds, excluding the City's payroll account and certain escrow accounts, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash. Investment income resulting from this pooling is allocated to the respective funds based on the sources of the funds invested.

Investments are carried at amortized cost and are adjusted to fair value when appropriate for financial reporting. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers market prices obtained from the City's safekeeping bank at September 30, 2025 to be the fair value of investments.

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, escrow cash with fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

(f) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances are calculated based on historical performance and can differ between receivable types. Accounts without the backing of liens or contractual agreements exceeding 365 days are typically written off.

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

City of Rowlett, Texas
Notes to the Financial Statements

(g) Inventories and Prepaid Items

Inventories, which are expended as they are consumed, are recorded using the average cost method and are stated at cost. They are valued at the lower of moving average (i.e., perpetual inventory) cost or market. Unit prices are adjusted as new inventory is added; thus the moving average cost closely represents the cost of goods sold. Other inventories are stated at the lower of cost (first-in, first-out method) or market.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, using the consumption method. A reserve for prepaid items and inventories is recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

(h) Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds, such as contribution of capital assets to a proprietary fund, are accounted for as transfers.

(i) Restricted Assets

Assets, consisting of cash and short-term investments, have been set aside on the balance sheet because they represent funds with restricted purposes.

In the proprietary funds, restricted assets are segregated to reflect resources accumulated for debt service, construction funds, or other legal requirements. Debt service amounts are restricted for the current year requirements and also for future years' requirements as required by bond covenants. Construction funds represent resources set aside for construction projects of the Water and Sewer and Drainage Funds.

(j) Capital Assets

Capital assets, which include property, plant, equipment and public domain (infrastructure) assets (e.g. roads, water and sewer lines, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of three years. Public infrastructure is capitalized at \$100,000 and an estimated useful life in excess of five years. Contributed assets are recorded at acquisition value at the time received. Assets acquired by lease financing are capitalized over the term of the lease according to the City's capitalization threshold policy. Capital costs that do not materially add to the value of the asset, extend its useful life, or do not otherwise meet the government's capitalization threshold are not capitalized. Right-to-use leased assets and SBITA assets are discussed in note 1(r) and 1(s), respectively, below.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Rowlett, Texas
Notes to the Financial Statements

Capital assets (including right-to-use leased assets) of the primary government are depreciated/amortized using the straight line with half-year convention method. The estimated useful lives under the policy are as follows:

Buildings, other improvements	20 - 40 years
Right-to-use lease buildings	3 - 5 years
Alleys, drainage systems, and water and sewer system	25 years
Equipment	3 - 20 years
Right-to-use lease equipment	2 - 5 years
Right-to-use subscription assets	3 years
Streets	10 - 20 years

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions, difference between expected and actual economic experience, and difference between projected and actual earnings – These differences are deferred and amortized.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The first type of deferred inflow of resources arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, grants, and various fees and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is related to the Pension and OPEB plans: changes in actuarial assumptions, difference between expected and actual economic experience, and difference between projected and actual earnings. These items are deferred and amortized. The third is related to leases. This amount is initially an offset to lease receivable recorded at lease commencement, and subsequently, recognized as revenue over the life of the lease term.

(l) Compensated Absences

City employees earn vacation and sick leave based on length of service. Nonexempt employees are eligible to accumulate compensation time at one and one-half times the hourly rate of pay. At termination, employees are reimbursed for accumulated vacation and compensatory time. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, such as with employee resignations and retirements, and are typically liquidated with expendable resources in the General Fund.

City of Rowlett, Texas
Notes to the Financial Statements

(m) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term obligations such as the net pension liability and the net other post-employment benefits (OPEB) liability are liquidated with expendable resources in the General Fund.

(n) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Since the City intends to honor such commitments, the subsequent year's appropriations will provide authority to complete these transactions. Under the City's budgetary process, appropriations lapse at fiscal year-end, except for capital improvements or contracts in which the City issued a purchase order prior to the end of the year. These encumbrances are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year. Refer to Note 14F for the amount of encumbrances expected to be honored upon performance by the vendor in the next year.

(o) Fund Balance Classification and Net Position

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

City of Rowlett, Texas

Notes to the Financial Statements

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Fund balances classified as committed can only be used for specific purposes pursuant to Resolution Number RES-011-12 imposed by the City Council, which constitutes the highest level of action and most binding constraint.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council has by resolution authorized the City Manager and/or the Director of Financial Services to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

At the government-wide level, net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, net of debt related to any unspent proceeds.

(p) Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, City-specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

City of Rowlett, Texas
Notes to the Financial Statements

(q) Other Post-Employment Benefits

The fiduciary net position of the City's Other Post-Employment Benefit (OPEB) plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For purposes of measuring the net OPEB liability, this includes deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the City's fiduciary net position. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total OPEB Liability is obtained from a report prepared for the City by consulting actuary Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

(r) Leases

Lessee –

The City is a lessee for noncancellable leases of property, vehicles, and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements.

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor –

The City is a lessor for noncancellable leases of property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At implementation of GASB Statement No. 87 and the commencement leases beginning after October 1, 2021, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

City of Rowlett, Texas
Notes to the Financial Statements

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(s) Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

City of Rowlett, Texas
Notes to the Financial Statements

(t) Deficit Fund Balance

At September 30, 2025, the Grants Fund, a nonmajor governmental fund, had a deficit fund balance of \$141,454. The fund incurred expenditures under a grant that were not reimbursed in a timely manner under the modified accrual basis of accounting to be included in revenue. However, the City anticipates receiving reimbursement for these grants in fiscal year 2026.

(u) GASB Pronouncements implemented by the City

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

- Approximately 60-90 days prior to October 1 of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings and budget work sessions are conducted to obtain taxpayer comments.
- Typically, the City Council enacts the budget by ordinance before September 20. This allows tax statements to be prepared and mailed in a timely fashion.
- Annual budgets are legally adopted for the General, Debt Service, Capital Projects, Internal Service, Special Revenue, and Enterprise Funds. Budgets are prepared on a modified accrual basis for the General, Other Governmental, Capital Projects and Debt Service Funds. Enterprise and Internal Service Fund budgets are prepared on an accrual basis, except for capital outlays (exclusive of water and sewer capital projects). Principal payments on debt are budgeted as expenses, and depreciation expense is not budgeted. Budgets for the Capital Projects Funds are normally established pursuant to the term of the related bond indentures, that is, on a project basis.
- The level of control is at the fund level. Budget adjustments are transfers of approved funds from one line-item within a department or from one department to another within a fund. Budget adjustments within the same department under \$10,000 may be approved by the Department Director and Director of Financial Services with notification to the City Manager. Budget adjustments exceeding \$10,000 or between departments within the same fund shall be made at the discretion and approval of the City Manager. Budget amendments, which increase or decrease the total appropriation of a given fund shall be approved by the City Council at a regularly scheduled City Council meeting.

City of Rowlett, Texas

Notes to the Financial Statements

The Budgetary Comparison Schedule, included in the required supplementary information, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted.

This schedule utilizes the same basis of accounting for both budgetary purposes and actual results. Budgetary data for the Capital Projects Funds have not been presented in the accompanying supplemental information. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in a Five Year Capital Improvements Plan.

Note 3. Deposits and Investments

The City has adopted Investment Policies, which are in accordance with the laws of the State of Texas, where applicable, specifically the Public Funds Investment Act (PFIA). The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments, and certain investment practices. Authorized investments include obligations of the federal government or its agencies and instrumentalities, repurchase agreements, state and local investment pools, SEC regulated money market mutual funds, collateralized or insured certificates of deposit, and prime commercial paper.

State statutes require that all deposits in the financial institutions be fully collateralized by U.S. government obligations or obligations of the State of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. The City's demand deposits were fully collateralized at September 30, 2025 with collateral required by the state statutes. At year-end, the City's deposit balance was fully covered by collateral held by the Federal Home Loan Bank - Dallas in the City's name or by FDIC insurance.

The City categorizes its fair value measurements within the three-level fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Below are the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

City of Rowlett, Texas

Notes to the Financial Statements

The City's investments are measured as presented in the table below. The City's investment balances, weighted average maturity, and credit risk of such investments are as follows:

		Fair Value Measurements Using					
	September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Weighted Average Maturity (Years)	Rating	
Investments Measured at Amortized Cost:							
Texas Local Government Investment Pools							
TexPool	\$ 179,299,536	\$ -	\$ -	\$ -	0.003	AAAm	
Investments Measured at Net Asset Value:							
Texas Local Government Investment Pools							
TexStar	95,300,411	-	-	-	0.003	AAAm	
Investments Subject to Fair Value:							
Commercial Paper	19,642,047	-	19,662,539	-	0.420	P-1	
U.S. Treasury Bond/Note	17,672,460	-	17,724,828	-	0.644	AA+	
Total for Investments Subject to Fair Value	37,314,507	-	37,387,367	-			
Total Value	\$ 311,914,454	\$ -	\$ 37,387,367	\$ -			

The City invests in Texas Local Government Investment Pool (TexPool) and Texas Short Term Asset Reserve Program (TexSTAR), external investment pools that are not registered with the Securities and Exchange Commission (SEC) as investment companies. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. TexSTAR is overseen by a Governing Board. The fair value of the City's position in these pools is the same as the value of pool shares.

The TexPool investment pool is an external investment pool measured at amortized cost to report net position to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less, and has a weighted average life of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

The TexSTAR investment pool is an external investment pool measured at NAV. The strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The Texas Local Government Investment Pool (TexPool) and Texas Short Term Asset Reserve Program (TexSTAR) are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

City of Rowlett, Texas

Notes to the Financial Statements

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexSTAR is overseen by a Governing Board composed of representatives of participating governmental entities and representatives from the pool's co-administrators. In addition, TexSTAR has an advisory board composed of participants in TexSTAR and other persons who do not have a business relationship with TexSTAR.

As of September 30, 2025, the City has the recurring fair value measurements for commercial paper and treasury bond/notes of \$37,387,367 valued using quoted prices for similar assets in active markets (Level 2). As of September 30, 2025, the City has an amortized cost/accrual basis for commercial paper and treasury bond/notes of \$37,314,507.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's Investment Policy states that the overall weighted average maturity of principal return for the entire portfolio shall be less than one (1) year. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk. The City's Investment Policy, in conjunction with state law, specifies credit rating requirements for all non-governmental securities. The City's investments in fixed income securities are rated by Standard & Poor's and by Moody's Investors Service (see table on previous page) except for direct obligations of the U.S. government. As of September 30, 2025, investments in the Texas Local Government Pool (TexPool) and Texas Short Term Asset Reserve Program (TexSTAR) carried a credit rating of AAAM by Standard & Poor's. US Treasuries are backed by the full faith and credit of the US Government. Municipal bonds and notes, at the time of purchase, must hold at minimum a single "A" category by any two NRSROs.

Concentration of Credit Risk. With the exception of U.S. Treasury securities and State Local Government Pools, the City's Investment Policy limits the amount that may be invested in any one issuer to 40% of the total investment portfolio. The City's Investment Policy also has stricter restrictions for commercial paper, CD's, repurchase agreements, mutual funds and other investments. The below table describes the City's maximum investment allocations by Sector and Issuer. In accordance with the City's Investment Policy, funds derived from the sale of debt are excluded from the calculation of sector and issuer allocation limits. As of September 30, 2025, 11.58% of the City's total investments are in the following: Commercial Paper (6.09%) and U.S. Treasury Bond/Notes (5.49%) on a fair value basis. The remaining 88.42%, including bond proceeds, are in TexPool (55.56%), TexSTAR (29.53%) and bank deposits (3.33%). As of September 30, 2025, the City is in compliance with its Investment Policy for Sector and Issuer allocation limits.

Security Type	Maximum Allocation Limit	Maximum Issuer Limit
Local Government Investment Pools	75%	N/A
United States Government Securities	100%	N/A
United States Government Agencies	100%	N/A
Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE")).	70%	40%
Mortgage-Backed Securities ("MBS")	10%	15%
Interest Bearing Time Deposit or Saving Accounts	20%	10%
Repurchase Agreements	20%	10%
Commercial Paper	25%	5%
Bankers' Acceptances	25%	5%
State and/or Local Government Taxable and/or Tax-Exempt Debt	25%	5%

City of Rowlett, Texas
Notes to the Financial Statements

Custodial Credit Risk – Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City may not be able to recover its deposits. The City's Investment Policy follows state statutes, which require that all deposits in financial institutions be fully collateralized or insured. As of September 30, 2025, the City's bank balance was \$10,749,770, and none of that amount was exposed to custodial credit risk at year-end.

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the financial institution holding securities for the City, the City will not be able to recover the value of its investments or collateral securities. The City's investment policy requires that all investments be held by a third-party safekeeping agent in the name of the City.

Note 4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1 and increases each month to a maximum of 18% on July 1. Assessed values are established at 100% of estimated market value and certified by the Board of Equalization. The assessed value for the roll of January 1, 2024, upon which the fiscal year 2025 levy was based, was \$8,953,276,761.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. However, on May 3, 2003, the citizens of Rowlett approved modifications to the City's Home Rule Charter, including a provision to cap the levy of property taxes at \$1.25 per \$100 of assessed valuation.

The tax rate for the year ended September 30, 2025 was \$.769691 per \$100, of which \$0.531341 was allocated for general government and \$0.238350 was allocated for the payment of principal and interest on general obligation debt. Taxes are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Tax collections, including past delinquencies, for the year ended September 30, 2025, were 99.31% of the tax levy.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the adopted tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the no-new-revenue rate by 3.5% (or 8% in case of a disaster declaration), an election is automatically held to either uphold the adopted tax rate or lower it to the no-new-revenue rate.

This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district. As of September 1, 1997, the City contracted with Dallas County to bill and collect the City's property taxes.

City of Rowlett, Texas
Notes to the Financial Statements

Note 5. Receivables

Receivables as of the year end for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water and Sewer	Refuse	Drainage	Internal Service	Total
Interest	\$ 44,474	\$ 2,338	\$ 6,114	\$ 14,985	\$ 35,553	\$ 296	\$ 3,682	\$ 58	\$ 107,500
Court	-	-	-	673	-	-	-	-	673
Ambulance	1,714,965	-	-	-	-	-	-	-	1,714,965
Lot mowing	202,513	-	-	-	-	-	-	-	202,513
Sales tax	1,670,031	-	-	-	-	-	-	-	1,670,031
Hotel/motel tax	-	-	-	25,489	-	-	-	-	25,489
Property tax	778,549	314,749	-	6,981	-	-	-	-	1,100,279
Customer accounts	-	-	133,298	-	6,029,091	1,232,889	282,796	24,170	7,702,244
Other accounts	263,808	-	-	8,954	132,278	8,070	-	-	413,110
Franchise fees	797,827	-	-	15,692	-	-	-	-	813,519
911 fees	37,911	-	-	-	-	-	-	-	37,911
Fire response	202,208	-	-	-	-	-	-	-	202,208
Note, noncurrent	-	-	-	-	7,836	-	-	-	7,836
Gross receivables	5,712,286	317,087	139,412	72,774	6,204,758	1,241,255	286,478	24,228	13,998,278
Less: allowance for uncollectibles	(1,503,889)	(36,002)	(10,769)	-	(283,144)	(100,653)	(18,563)	-	(1,953,020)
Net total receivables	\$ 4,208,397	\$ 281,085	\$ 128,643	\$ 72,774	\$ 5,921,614	\$ 1,140,602	\$ 267,915	\$ 24,228	\$ 12,045,258

Leases receivable – The City has entered into multiple lease agreements as lessor. The leases allow the right-to-use of land and cell sites to other organizations over the term of the lease. The City receives annual or monthly payments at the interest rate stated or implied within the leases. The interest rates for these leases are 2.05%. The City has \$7,608,184 remaining in lease receivables and \$7,608,184 remaining in deferred inflows in the general fund, and \$114,969 remaining in lease receivables and \$114,969 in deferred inflows in the water and sewer fund, as of September 30, 2025.

	Interest Rates	Receivable at Commencement	Lease Term in Years	Ending Balance
General fund:				
Land	2.05%	\$ 4,999,994	25 years	\$ 3,041,063
Cell sites	2.05%	8,027,279	30 years	4,567,121
				<u>\$ 7,608,184</u>
Water and Sewer fund:				
ATM	2.05%	\$ 137,149	12 years	\$ 114,969

City of Rowlett, Texas
Notes to the Financial Statements

Revenue Recognition

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property tax receivable	\$ 976,255	\$ -
Ambulance	505,076	-
Mowing liens	172,136	-
Intergovernmental	6,020,936	-
Franchise fees	185,872	-
Other	54,647	909,323
Total unavailable/unearned revenue for governmental funds	\$ 7,914,922	\$ 909,323

Note 6. Capital Assets

Capital asset activity as of September 30, 2025 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 33,124,948	\$ 70,722	\$ -	\$ -	\$ 33,195,670
Construction in progress	46,342,511	20,528,246	-	(15,009,948)	51,860,809
Total capital assets not being depreciated/amortized	79,467,459	20,598,968	-	(15,009,948)	85,056,479
Capital assets being depreciated/amortized:					
Buildings	33,171,088	-	-	-	33,171,088
Right-to-use lease buildings	1,459,059	-	-	-	1,459,059
Improvements other than buildings	32,789,640	26,093	-	98,455	32,914,188
Machinery and equipment	31,254,407	5,863,410	(177,481)	7,788	36,948,124
Right-to-use lease equipment	1,787,060	173,927	(29,530)	-	1,931,457
Right-to-use subscription assets	110,395	73,716	-	-	184,111
Infrastructure	186,163,474	7,348,404	-	14,903,705	208,415,583
Total capital assets being depreciated/amortized	286,735,123	13,485,550	(207,011)	15,009,948	315,023,610
Less accumulated depreciation/amortization:					
Buildings	(12,609,567)	(808,699)	-	-	(13,418,266)
Right-to-use lease buildings	(571,771)	(267,972)	-	-	(839,743)
Improvements other than buildings	(28,118,175)	(922,942)	-	-	(29,041,117)
Machinery and equipment	(21,579,493)	(3,138,099)	97,055	-	(24,620,537)
Right-to-use lease equipment	(833,491)	(394,079)	17,226	-	(1,210,344)
Right-to-use subscription assets	(55,814)	(70,731)	-	-	(126,545)
Infrastructure	(132,503,405)	(6,513,422)	-	-	(139,016,827)
Total accumulated depreciation/amortization	(196,271,716)	(12,115,944)	114,281	-	(208,273,379)
Total capital assets being depreciated/amortized, net	90,463,407	1,369,606	(92,730)	15,009,948	106,750,231
Governmental activities capital assets, net	\$ 169,930,866	\$ 21,968,574	\$ (92,730)	\$ -	\$ 191,806,710

City of Rowlett, Texas
Notes to the Financial Statements

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 1,085,660	\$ -	\$ -	\$ -	\$ 1,085,660
Construction in progress	17,801,476	6,644,186	-	(717,017)	23,728,645
Total capital assets not being depreciated/amortized	18,887,136	6,644,186	-	(717,017)	24,814,305
Capital assets being depreciated/amortized:					
Buildings	3,255,565	-	-	-	3,255,565
Improvements other than buildings	3,825,032	-	-	-	3,825,032
Machinery and equipment	7,345,846	66,868	-	82,744	7,495,458
Infrastructure	230,092,034	14,646,458	-	634,273	245,372,765
Right-to-use leased equipment	469,394	-	(48,198)	-	421,196
Total capital assets being depreciated/amortized	244,987,871	14,713,326	(48,198)	717,017	260,370,016
Less accumulated depreciation/amortization:					
Buildings	(763,754)	(81,254)	-	-	(845,008)
Improvements other than buildings	(1,565,180)	(238,165)	-	-	(1,803,345)
Machinery and equipment	(4,962,174)	(443,827)	-	-	(5,406,001)
Infrastructure	(133,198,147)	(6,892,588)	-	-	(140,090,735)
Right-to-use leased equipment	(206,503)	(98,482)	20,082	-	(284,903)
Total accumulated depreciation/amortization	(140,695,758)	(7,754,316)	20,082	-	(148,429,992)
Total capital assets being depreciated/amortized, net	104,292,113	6,959,010	(28,116)	717,017	111,940,024
Business-type activities capital assets, net	\$ 123,179,249	\$ 13,603,196	\$ (28,116)	\$ -	\$ 136,754,329

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 574,756
Public safety	3,025,469
Public works	7,439,039
Culture and recreation	1,006,632
Community development	70,048
Total depreciation/amortization expense - governmental activities	\$ 12,115,944
Business-type activities:	
Water and sewer	\$ 6,420,826
Refuse	569
Drainage	1,332,921
Total depreciation/amortization expense - business-type activities	\$ 7,754,316

City of Rowlett, Texas
Notes to the Financial Statements

Note 7. Employee's Retirement System

Plan Description

The City participates as one of 938 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Members's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to 100% of what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions.

The City can grant, as often as annually, another type of monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
	20 years at any age, 5 years at age 60 and above
Service retirement eligibility	
Updated service credit	100% repeating
Annuity increase (to retirees)	50% of CPI repeating

The City does not participate in Social Security.

City of Rowlett, Texas
Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	339
Inactive employees entitled to but not yet receiving benefits	426
Active employees	483
	1,248

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 13.29% and 14.25% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ending September 30, 2025, were \$5,761,195, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6-11.85% per year, including inflation, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

City of Rowlett, Texas
Notes to the Financial Statements

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Public and Private Markets	4.0%	7.30%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Rowlett, Texas
Notes to the Financial Statements

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2024	\$ 184,093,859	\$ 165,671,791	\$ 18,422,068
Changes for the year:			
Service cost	6,897,784	-	6,897,784
Interest	12,369,560	-	12,369,560
Difference between expected and actual experience	1,974,519	-	1,974,519
Changes of assumptions	-	-	-
Contributions - employer	-	5,223,447	(5,223,447)
Contributions - employee	-	2,751,253	(2,751,253)
Net investment income	-	17,214,860	(17,214,860)
Benefit payments, including refunds of employee contributions	(8,580,006)	(8,580,006)	-
Administrative expense	-	(110,400)	110,400
Other changes	-	(2,582)	2,582
Net changes	12,661,857	16,496,572	(3,834,715)
Balance at 12/31/2025	\$ 196,755,716	\$ 182,168,363	\$ 14,587,353

Sensitivity of the net pension liability to changes in the discount rate –

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 42,964,512	\$ 14,587,353	\$ (8,626,028)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of \$6,323,475.

City of Rowlett, Texas
Notes to the Financial Statements

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 2,151,951	\$ -
Changes in actuarial assumptions	-	447,436
Difference between projected and actual investment earnings	-	1,901,100
Contributions subsequent to the measurement date	4,303,342	-
Total	\$ 6,455,293	\$ 2,348,536

\$4,303,342 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e. recognized in the City's financial statements September 30, 2026).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31,	
2025	\$ 786,088
2026	2,456,950
2027	(2,233,220)
2028	(1,206,403)
Total	\$ (196,585)

Note 8. Other Post-Employment Benefits (OPEB)

Post-retirement Health Care Benefits

Plan Description

The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. The benefit plan was established by the City in 2002 and last amended in 2005. No separate pension plan report is issued. This plan is administered by the City and no separate audited financial statements are available.

Benefits Provided

Retired employees who have satisfied the retirement requirement as defined by the Texas Municipal Retirement System (TMRS) are eligible to participate. The City has elected the retirement requirement as any age with 20 years of service or 5 years of service for age 60 and above. Retirees under 65 retiring under the TMRS system are eligible to receive premium payments of individual (not dependent) health insurance benefits for a period of time equal to one month for every full year of service with the City. Employees are eligible immediately upon retirement and the eligibility only runs from the retirement date. Active employees do not contribute any of their wage toward retiree health care benefits.

City of Rowlett, Texas

Notes to the Financial Statements

The City pays the employee-only premium for medical coverage, based on the City's Core Medical Plan Option. Retired employees are required to pay 100% of any additional premium expense for health benefits purchased upon retirement. Spouse and eligible dependents are eligible to continue to purchase health benefits per Chapter 175 provisions. The City does not pay any portion of spouse or dependent medical coverage.

As of the December 31, 2023 biennial actuarial valuation, the Trust's membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	9
Active Plan Members	461
Total Plan Members	470

Contributions and Funding Policy

The City has the authority to establish and amend the plan contributions by resolution of the City Council. The City contributes to the trust on an annual basis. Contributions by the City are established as part of the annual budget process and are based on amounts determined in the actuarial study prepared biennially. The City pays the retiree-only premium for medical coverage based on the City's Core Medical Plan Option for one month for each full year of service with the City of Rowlett.

Net OPEB Liability

The actuarial valuation was performed as of December 31, 2023. Update procedures were used to roll forward the total OPEB liability to December 31, 2024.

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2023
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry-Age Normal
Single Discount Rate	6.25% as of December 31, 2024
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Demographic Assumptions	Based on the 2023 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Healthcare Cost Trend Rates	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years;
Participation Rates	It was assumed that 85% of retirees during the funded period and 10% of retirees after the funded period would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to continue their health coverage through the City.

City of Rowlett, Texas
Notes to the Financial Statements

Rate of Return

The long-term rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class:	Target Allocation	Asset Class Expected Rate of Return
Equity:		
US Large Cap	34.20%	7.20%
US Small Cap	1.80%	8.00%
International Developed Markets	13.50%	7.20%
Emerging Markets	4.50%	7.80%
Listed Real Assets:		
Real Estate Investment Trusts	3.00%	7.10%
Listed Infrastructure	3.00%	7.50%
Fixed Income:		
Core Bonds	35.00%	4.40%
High Yield Bonds	3.00%	5.80%
Cash	2.00%	3.10%
Total	100.00%	

Discount Rate

A single discount rate of 6.25% was used to measure the total OPEB liability. Based on the stated assumptions and the projection of cash flows as of each plan year, the OPEB plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balance	\$ 4,448,650	\$ 2,034,779	\$ 2,413,871
Service cost	320,050	-	320,050
Interest on total OPEB liability	279,666	-	279,666
Difference between expected and actual experience	45,145	-	45,145
Changes of assumptions	-	-	-
Employer contributions	-	394,766	(394,766)
Net investment income	-	242,675	(242,675)
Benefit payments	(268,035)	(268,035)	-
Administrative expenses	-	(12,625)	12,625
Net changes	376,826	356,781	20,045
Ending Balance	\$ 4,825,476	\$ 2,391,560	\$ 2,433,916

City of Rowlett, Texas
Notes to the Financial Statements

The Plan's fiduciary net position as a percentage of the total OPEB liability is 49.56%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate.

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption		
1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.25%	6.25%	7.25%
\$ 2,854,729	\$ 2,433,916	\$ 2,055,137

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate.

Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption		
1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 1,910,674	\$ 2,433,916	\$ 3,050,266

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of \$410,082.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 351,017	\$ 336,406
Changes in assumptions	128,826	203,538
Difference in expected and actual investment earnings	-	39,911
Contributions subsequent to the measurement date	147,847	-
Total	\$ 627,690	\$ 579,855

City of Rowlett, Texas
Notes to the Financial Statements

Deferred outflows of resources of \$147,847 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for fiscal year 2026. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense in the following fiscal years:

Measurement year ended December 31,	
2025	\$ (59,122)
2026	(37,579)
2027	(103,911)
2028	(17,601)
2029	(3,196)
Thereafter	121,397
Total	\$ (100,012)

Note 9. Long-Term Debt

A summary of long-term debt transactions, including the current portion, as of September 30, 2025, was as follows:

	Balance October 1, 2024	Issued Incurred	Retired or Refunded	Balance September 30, 2025	Due Within One Year
Governmental activities					
General obligation bonds	\$ 111,711,274	\$ 45,195,000	\$ 7,829,677	\$ 149,076,597	\$ 7,561,975
Combined tax and surplus revenue certificates of obligation	22,340,000	29,320,000	900,000	50,760,000	2,680,000
Limited tax notes	6,155,000	2,960,000	5,090,000	4,025,000	1,655,000
Financed purchases	2,565,456	-	558,499	2,006,957	338,143
Arbitrage rebate liability	1,627,331	420,095	-	2,047,426	-
Bond premiums	9,455,074	3,496,500	1,081,438	11,870,136	-
Compensated absences*	5,156,622	-	985,045	4,171,577	534,119
Net pension liability	16,999,857	-	3,581,622	13,418,235	-
Net OPEB liability	2,193,120	18,722	-	2,211,842	-
Right-to-use lease liability	1,942,553	173,927	650,115	1,466,365	632,103
Subscription liability	48,642	73,716	72,291	50,067	50,067
Governmental activities long-term debt	\$ 180,194,929	\$ 81,657,960	\$ 20,748,687	\$ 241,104,202	\$ 13,451,407
Business-type activities					
Water and sewer revenue bonds	\$ 41,875,000	\$ 14,020,000	\$ 3,195,000	\$ 52,700,000	\$ 3,205,000
General obligation bonds	698,725	-	330,323	368,402	343,025
Bond premiums	2,834,263	829,168	318,809	3,344,622	-
Arbitrage rebate liability	932,409	249,454	-	1,181,863	-
Compensated absences*	209,477	-	50,575	158,902	20,346
Net pension liability	1,422,209	-	253,091	1,169,118	-
Net OPEB liability	220,751	1,323	-	222,074	-
Right-to-use lease liability	260,824	-	117,593	143,231	86,725
Business-type activities long-term debt	\$ 48,453,658	\$ 15,099,945	\$ 4,265,391	\$ 59,288,212	\$ 3,655,096

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

City of Rowlett, Texas
Notes to the Financial Statements

For the governmental activities, the net pension liability and the other post-employment benefit liability are generally liquidated by the General Fund.

Long-term debt for governmental activities at September 30, 2025 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Governmental activities					
General obligation bonds:					
2012 Refunding	\$ 6,271,149	2.00-5.00	2/15/29	\$ 20,105	\$ 5,483
2014 Refunding	3,750,000	3.00-4.40	8/15/39	2,520,000	135,000
2016 Various purpose	4,105,000	4.00-5.00	2/15/36	2,850,000	210,000
2017 Various purpose	10,930,000	2.00-5.00	2/15/37	7,120,000	490,000
2018 Various purpose	19,255,000	3.00-5.00	2/15/38	14,700,000	880,000
2019 Various purpose	18,285,000	3.00-5.00	2/15/39	15,035,000	825,000
2020 Various purpose	18,185,000	2.00-5.00	2/15/40	15,390,000	770,000
2021 Various purpose	10,010,000	2.00-4.00	2/15/41	8,710,000	430,000
2022 Various purpose	4,175,000	4.00-5.00	2/15/42	3,060,000	120,000
2023 Various purpose	6,410,000	4.00-5.00	2/15/43	6,205,000	220,000
2023B Various purpose	7,250,000	4.00-5.00	2/15/43	6,805,000	240,000
2024 Various purpose	23,645,686	4.00-5.00	2/15/44	21,466,492	2,191,492
2025 Various Purpose	45,195,000	5.00-5.25	2/15/55	45,195,000	1,045,000
				<u>149,076,597</u>	<u>7,561,975</u>
Combination tax and revenue certificates of obligation:					
2015 Various purpose	2,885,000	3.00-4.00	2/15/30	1,115,000	210,000
2023 Various purpose	10,815,000	4.125-5.00	2/15/43	10,465,000	370,000
2024 Various purpose	10,210,000	4.00 - 5.00	2/15/44	9,860,000	320,000
2025 Various purpose	19,795,000	4.00 - 5.00	2/15/55	19,795,000	-
2025B Various purpose	9,525,000	5.00-5.25	2/15/45	9,525,000	1,780,000
				<u>50,760,000</u>	<u>2,680,000</u>
Tax notes					
2024 Various purpose	6,155,000	5.00	2/15/31	1,065,000	155,000
2025 Various purpose	2,960,000	5.00	2/15/32	2,960,000	1,500,000
				<u>4,025,000</u>	<u>1,655,000</u>
Total governmental activities long-term bonded debt				203,861,597	11,896,975
Plus:					
Premiums and discounts				11,870,136	-
Net government activities long-term bonded debt				<u><u>\$ 215,731,733</u></u>	<u><u>\$ 11,896,975</u></u>

City of Rowlett, Texas
Notes to the Financial Statements

Long-term debt for business activities at September 30, 2025 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Business-type activities					
Utility system revenue bonds:					
2012 Various purpose	\$ 8,525,000	2.00-3.50	3/1/32	\$ 3,555,000	\$ 460,000
2014 Various purpose	4,825,000	1.00-4.00	3/1/34	2,635,000	250,000
2015 Refunding	12,330,000	1.50-5.00	3/1/26	625,000	625,000
2018 Various purpose	4,775,000	3.375-5.00	3/1/38	3,580,000	210,000
2019 Various purpose	4,810,000	3.00-5.00	3/1/39	3,740,000	205,000
2020 Various purpose	6,590,000	2.00-5.00	3/1/40	5,420,000	270,000
2021 Various purpose	6,880,000	2.00-4.00	3/1/41	5,855,000	285,000
2022 Various purpose	7,600,000	5.00	3/1/42	6,930,000	265,000
2023 Various purpose	6,650,000	4.00-5.00	3/1/43	6,340,000	225,000
2025 Various purpose	14,020,000	5.00-5.25	3/1/45	14,020,000	410,000
				<u>52,700,000</u>	<u>3,205,000</u>
General obligation bonds:					
2012 Refunding	10,883,851	2.00 - 5.00	2/15/29	34,894	9,517
2024 Various purpose	654,314	4.00 - 5.00	2/15/26	333,508	333,508
				<u>368,402</u>	<u>343,025</u>
Total business-type activities long-term bonded debt				53,068,402	3,548,025
Plus:					
Premiums and discounts				3,344,622	-
Net business-type activities long-term bonded debt				<u><u>\$ 56,413,024</u></u>	<u><u>\$ 3,548,025</u></u>

The annual requirements to amortize general and certificates of obligations bonds as of September 30, 2025 are summarized below:

Year Ended September 30,	General and Certificates of Obligation Bonds					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 11,896,975	\$ 8,846,929	\$ 20,743,904	\$ 343,025	\$ 9,317	\$ 352,342
2027	8,525,483	8,129,620	16,655,103	9,517	670	10,187
2028	8,958,656	7,710,246	16,668,902	6,344	412	6,756
2029	9,370,483	7,284,985	16,655,468	9,516	155	9,671
2030	9,780,000	6,867,718	16,647,718	-	-	-
2031-2035	51,405,000	28,080,400	79,485,400	-	-	-
2036-2040	50,040,000	17,603,091	67,643,091	-	-	-
2041-2045	31,410,000	8,650,728	40,060,728	-	-	-
2046-2050	9,905,000	4,206,900	14,111,900	-	-	-
2051-2055	12,570,000	1,557,253	14,127,253	-	-	-
Total	<u><u>\$ 203,861,597</u></u>	<u><u>\$ 98,937,870</u></u>	<u><u>\$ 302,799,467</u></u>	<u><u>\$ 368,402</u></u>	<u><u>\$ 10,554</u></u>	<u><u>\$ 378,956</u></u>

City of Rowlett, Texas
Notes to the Financial Statements

The annual requirements to amortize water and sewer revenue bonds as of September 30, 2025 are summarized below:

Year Ended September 30,	Water and Sewer Revenue Bonds		
	Principal	Interest	Total
2026	\$ 3,205,000	\$ 2,159,788	\$ 5,364,788
2027	2,705,000	2,020,597	4,725,597
2028	2,825,000	1,896,763	4,721,763
2029	2,955,000	1,766,869	4,721,869
2030	3,090,000	1,634,656	4,724,656
2031-2035	15,315,000	6,244,244	21,559,244
2036-2040	14,610,000	3,384,800	17,994,800
2041-2045	7,995,000	837,531	8,832,531
Total	\$ 52,700,000	\$ 19,945,248	\$ 72,645,248

As of September 30, 2025, the City had authorized but unissued general obligation bonds outstanding as follows:

Date	Purpose	Amount Authorized	Previously Issued	Unissued Balance
5/6/2023	Public safety	\$ 63,928,980	\$ 23,928,980	\$ 40,000,000
5/6/2023	Animal shelter	8,400,000	5,400,000	3,000,000
5/6/2023	Park	4,000,000	4,000,000	-
5/4/2024	Transportation	35,000,000	22,700,000	12,300,000
5/4/2024	Parks & Recreation	8,500,000	6,500,000	2,000,000
5/4/2024	Public Safety	4,700,000	4,700,000	-
5/4/2024	Street	3,150,000	3,150,000	-
		\$ 127,678,980	\$ 70,378,980	\$ 57,300,000

Bond Issuances

On August 28, 2025, the City issued "City Of Rowlett, Texas, General Obligation Bonds, Series 2025," totaling \$45,195,000 to finance the construction and improvement of city streets, public safety facilities, an animal shelter, Herfurth Park, and related municipal infrastructure. The Series 2025 GO bonds incur an average cost over the life of the bonds at a rate of 5.00-5.25% and mature annually with semi-annual interest payments. The bonds will fully mature in 2055.

On August 28, 2025, the City issued "City Of Rowlett, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2025B," totaling \$9,525,000 to finance the construction and improvement of city streets and parks and recreation facilities and the purchase of materials, equipment, and vehicles for various city departments. These bonds incur an average cost over the life of the bonds at a rate of 5.00-5.25% and mature annually with semi-annual interest payments. The bonds will fully mature in 2045.

City of Rowlett, Texas
Notes to the Financial Statements

On August 28, 2025, the City issued "City Of Rowlett, Texas, Tax Notes, Series 2025," totaling \$2,960,000 to finance the purchase of materials, equipment and vehicles for various city departments and renovating, improving, and equipping city buildings. These notes incur an average cost over the life of the notes at a rate of 5.00% and mature annually with semi-annual interest payments. The notes will fully mature in 2032.

On August 28, 2025, the City issued "City Of Rowlett, Texas, Waterworks and Sewer System Revenue Bonds, Series 2025," totaling \$14,020,000 to finance acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system. These bonds incur an average cost over the life of the bonds at a rate of 5.00 - 5.25% and mature annually with semi-annual interest payments. The bonds will fully mature in 2045.

On March 27, 2025, the City issued "City Of Rowlett, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2025," totaling \$19,795,000 to finance the construction a new municipal complex, including a new City Hall and administrative offices, and parks and recreation facilities. These bonds incur an average cost over the life of the bonds at a rate of 4.00-5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2055.

Revenue Bonds

Revenue Bonds are used to finance the acquisition of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system, second to establish and maintain the debt service fund and third to establish and maintain a required reserve fund. Any net revenues remaining may be used for any lawful purpose.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirements as they become due. At September 30, 2025, a balance of \$2,544,695 is restricted within the water and sewer fund for debt service requirements. The reserve fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the bonds similarly secured. No additional deposit to the reserve fund will be required upon issuance of the bonds. At September 30, 2025, a balance of \$3,497,121 is restricted within the water and sewer reserve fund.

For fiscal year 2025, net revenue available for debt service was 2.63 times the average annual debt service requirement. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain required amounts and certain financial ratios are met.

City of Rowlett, Texas
Notes to the Financial Statements

Arbitrage Rebate Liability

The City frequently issues bonds for various capital projects as well as vehicle and equipment needs. These bonds are subject to the arbitrage regulations. As of September 30, 2025, the liabilities for the rebates of arbitrage were \$2,047,426 for governmental activities and \$1,181,863 for business-type activities.

Compliance with Debt Covenants

At September 30, 2025, and for the year then ended, the City was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

Financed Purchases

The City previously entered into an agreement with Truist Bank to purchase a Patch Truck. The agreement is for a four year term expiring on August 10, 2026. Payments are \$50,379 annually and carry an effective interest rate of 2.48%.

The City previously entered into an agreement with Signature Public Finance to purchase 75' Aerial Ladder Rear Mount Spartan Fire Apparatus. The agreement is for a nine year term expiring on December 17, 2030. Payments are \$120,482 annually and carry an effective interest rate of 1.625%.

The City previously entered into an agreement Key Government Finance to purchase two fire trucks. The agreement is for a ten year term expiring on October 15, 2030. Payments are \$228,031 annually and carry an effective interest rate of 1.37%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase fire trucks. The agreement is for an approximate 127 month term based on delivery of equipment and expires on November 1, 2024. Payments are \$198,831 annually and carry an effective interest rate of 2.01%.

The assets acquired through financed purchase are as follows:

	Governmental Activities
Asset:	
Motor vehicles	\$ 5,055,955
Less: accumulated depreciation	(3,460,315)
Total	\$ 1,595,640

City of Rowlett, Texas
Notes to the Financial Statements

Pursuant to the terms of the finance purchase agreements, the following schedule represents the net present value of these minimum lease payments as of September 30:

Year Ending September 30,	Governmental Activities
2026	\$ 367,613
2027	348,514
2028	348,514
2029	348,514
2030	348,514
Thereafter	348,514
Total minimum lease payments	2,110,183
Less: amount representing interest	(103,226)
Present value of minimum lease payments	\$ 2,006,957

Right-to-Use Lease Liability

The City of Rowlett has entered into multiple lease agreements as lessee. The leases allow the right-to-use property, vehicles and equipment over the term of the lease. The City of Rowlett is required to make monthly or annual payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

The lease rate, term and ending lease liability are as follows:

	Interest Rate(s)	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental activities				
Library Lease	2.05%	\$ 1,171,150	5.0	\$ 669,779
3809 Main Street	2.05%	168,709	5.0	37,976
Enterprise Vehicle Leases	0.32-0.68%	1,931,457	2 to 5	758,610
Total governmental activities				\$ 1,466,365
Business-type activities				
Enterprise Vehicle Leases	0.32-0.68%	\$ 421,196	2 to 5	\$ 143,231
Total business-type activities				\$ 143,231

City of Rowlett, Texas
Notes to the Financial Statements

The future principal and interest lease payments as of fiscal year end are as follows:

Governmental Activities			
Fiscal Year Ending	Principal	Interest	Total
2026	\$ 632,103	\$ 56,762	\$ 688,865
2027	545,917	27,126	573,043
2028	230,364	8,534	238,898
2029	44,192	2,788	46,980
2030	13,789	235	14,024
Total	\$ 1,466,365	\$ 95,445	\$ 1,561,810

Business-type Activities			
Fiscal Year Ending	Principal	Interest	Total
2026	\$ 86,725	\$ 8,561	\$ 95,286
2027	45,415	3,166	48,581
2028	11,091	232	11,323
Total	\$ 143,231	\$ 11,959	\$ 155,190

For the Governmental Activities, the value of the right-to-use assets as of the end of the current fiscal year was \$3,390,515 and had accumulated amortization of \$2,050,087. For the Business-type Activities, the value of the right-to-use assets as of the end of the current fiscal year was \$421,196 and had accumulated amortization of \$284,903.

Subscription Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make monthly and or annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate(s)	Liability at Commencement	SBITA Term in Years	Ending Balance
Governmental activities				
Publishing software	2.05%	\$ 62,123	3	\$ 17,833
Public safety software	2.55%	73,716	2	32,234
Total governmental activities				\$ 50,067

City of Rowlett, Texas
Notes to the Financial Statements

The future principal and interest SBITA payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 50,067	\$ 1,188	\$ 51,255
Total governmental activities	\$ 50,067	\$ 1,188	\$ 51,255

The value of the subscription assets as of the end of the current fiscal year was \$184,111 and had accumulated amortization of \$126,545.

Special Assessment Bonds

Special assessment bonds are used to finance the acquisition and construction of certain improvement projects and related debt issuance reserves and costs pertaining to public improvement districts. These bonds will be repaid from amounts levied against property owners benefitted by this construction. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment bonds. The bonds are secured by and payable from a first lien on and pledge of the Trust Estate. The City is only acting as an agent for the property owners and is in no way liable for repayment. The bonds have a stated rate of interest of 3.125-6.68 percent and are payable over the next 21-26 years.

	Sale Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding
South	9/18/2017	\$ 36,450,000	6.68	9/15/2047	\$ 29,760,000
North	3/15/2016	13,515,000	4.90 - 6.00	9/15/2046	7,210,000
Cottonwood - MIA	6/10/2021	5,065,000	3.75 - 4.25	9/15/2051	4,855,000
Cottonwood - NIA	6/10/2021	2,543,000	3.125 - 4.00	9/15/2051	2,421,000

City of Rowlett, Texas
Notes to the Financial Statements

Note 10. Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the City purchased commercial insurance from Texas Municipal League (TML), a public entity risk pool, to cover these general liabilities, including worker's compensation. Both TML and the City purchased reinsurance and do not retain the entire risk of loss.

Policy	Retention	Limits of Liability
General Liability	\$2,500 per occurrence	\$2,000,000 per occurrence and \$10,000,000 policy aggregate
Law Enforcement Liability & Errors and Omissions	\$10,000 per occurrence	\$3,000,000 per occurrence and \$6,000,000 policy aggregate
Worker's Compensation	\$0 per occurrence	Statutory
Property Loss	\$1,000 per occurrence	\$179,496,979
Automobile Liability	\$2,500 per occurrence	\$1,000,000 per occurrence and \$25,000 each person
Automobile Physical Damage	\$10,000 per occurrence \$500 each vehicle	Agreed value as scheduled

The City maintains a self-insurance program for health insurance. Group medical benefits are paid from the Self-Insurance Fund (Internal Service Fund), which has an annually negotiated stop loss provision through United Healthcare. Revenues are recognized from payroll deductions from employee dependent coverage and from City contributions for employee coverage. The liabilities for insurance claims reported in the City's Self-Insurance Fund is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported (IBNR) claims. Change in the fund's claim liability in fiscal year 2025 and 2024 is as follows:

Fund		Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
Self-Insurance	2025	\$510,857	\$6,833,857	\$6,553,070	\$791,644
Self-Insurance	2024	\$590,301	\$6,105,658	\$6,185,102	\$510,857

For all insurance categories, there were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

City of Rowlett, Texas
Notes to the Financial Statements

Note 11. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2025 is as follows:

Due from	Due to General Fund
Nonmajor Governmental Funds	\$ 20,584
	<u>\$ 20,584</u>

Interfund receivables and payables are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

The detail transfer schedule for the year ended September 30, 2025 was as follows:

Transfers from	Transfer to	Amount	Reason for Transfer
General	Capital Projects	\$ 754,572	Cash fund capital projects
General	Debt Service	242,990	Debt service payments
General	Special Revenue	86,342	Administrative
Special Revenue	General	270,200	Administrative
Special Revenue	Refuse	25,000	Administrative
Water and Sewer	General	1,858,872	Administrative
Drainage	Capital Projects	99,996	Cash fund capital projects
		<u>\$ 3,337,972</u>	

The City makes transfers between its funds for several reasons:

- To move funds to finance various programs in accordance with budgetary authorizations.
- Transfer allocated portion of revenues received to the Debt Service Fund for debt service obligations.
- Allocate general and administrative (indirect) costs between funds, such as the General Fund, Water and Sewer Fund, Refuse Fund, Drainage Fund and the Internal Service Fund to recover the overhead and administrative cost of service performed by one fund for the benefit of another.
- Transfer a payment in lieu of franchise fees from the Water and Sewer Fund to the General Fund which represents similar charges paid by electric, gas, cable, and telecommunication franchises for use of City rights of way. This fee is calculated as 5% of gross revenues less interest earnings.

City of Rowlett, Texas
Notes to the Financial Statements

Note 12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is administered by Mission Square Retirement and contributions are voluntary. All amounts of compensation under this plan are placed into investment pools administered by Mission Square Retirement. The plan, available to all regular employees, permits them to defer until future years up to 100% of compensation, not to exceed \$23,500 (\$31,000 if over age 50) per year. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City has amended its deferred compensation plans to conform with the requirements of subsection (g) of IRC Section 457 making all assets and income of the plans to be held in trust for the exclusive benefit of participants and beneficiaries. In accordance with GASB Statement No. 32, the City's Deferred Compensation Plan is no longer included in the financial statements of the City.

Note 13. Tax Abatement

The City of Rowlett enters into economic development agreements designed to promote development and redevelopment within the City, spur economic growth, stimulate commercial activity, generate additional taxes that enhance the property tax base, and provide job opportunities for our citizens. The City's economic development agreements are authorized under Chapter 380 of the Local Government Code; Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive incentives based on employment impact, economic impact or community impact as defined in the City's Policy on Economic Development Incentives. The City Economic Development staff also utilizes a third party software program to measure the economic impact of each project. Each economic development incentive agreement includes performance measures that are required for each recipient to meet and clawback/recapture provisions if such measures are not achieved.

The City has three categories of economic development agreements:

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property tax received by the City; may result in fee reductions or waivers including building inspection fees or impact fees; or may make lump sum grant payments for new jobs, tenant improvements, grease traps, infrastructure improvements, or other expenses. For fiscal year 2025 the City of Rowlett rebated \$1,592,347 in taxes.
- Tax Abatements – The City does not currently have any active tax abatement agreements but will consider them on a case-by-case basis for future projects.
- Tax Increment Financing – The City of Rowlett has three active Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payments to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. For fiscal year 2025 the City of Rowlett reimbursed \$1,161,078 under the TIF agreements.

City of Rowlett, Texas
Notes to the Financial Statements

Note 14. Commitments and Contracts

The City has several long-term agreements with significant commitments as follows:

(a) North Texas Municipal Water District Water Purchase Agreement - On April 24, 2025, the City entered into a twenty-year contract with the North Texas Municipal Water District ("NTMWD") for the purchase of treated water, replacing a previous contract that expired May 3, 2024. For the year ended September 30, 2025, the City contracted for an annual requirement of 3,192,039,000 gallons. The actual amount of water taken was 3,035,733,000 gallons.

(b) City of Garland Sewage Treatment Agreement – The City entered into a contract with the City of Garland for sewage treatment effective April 2, 1991, which was later amended on June 8, 1994. Payments are determined based on actual metered flows into the City of Garland's treatment facility. No minimum payments are required. Rates are reviewed yearly and adjusted under the terms of the contract. It was renewed on June 17, 2021 for twenty years.

(c) Solid Waste Disposal Contract – In September 2023, the City contracted with Republic to provide collection of refuse and recyclable materials within the corporate limits of the City. The initial contract is for a period of seven years beginning October 1, 2024, and the City shall have the option to renew for three 1 year terms. Either party has the right to terminate the contract in writing. Collection rates may be adjusted yearly based upon the terms of the contract. An administrative fee assessed by the City is retained in the Enterprise Fund as a charge for service. Per section 5.02 of the contract with Republic, the listed acts or omissions shall be considered a breach of the contract and the City may require payment by the contractor of the charges set forth for each act listed.

(d) The City is involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of City officials and management, will have complex material effect on the City's financial position.

(e) The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed cash, if any, would not be material.

(f) As discussed in Note 1, Encumbrances, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 494,349
Capital projects fund	9,870,673
Nonmajor governmental funds	741,712
Total governmental	\$ 11,106,734

City of Rowlett, Texas
Notes to the Financial Statements

Note 15. New Accounting Pronouncements

Statement No. 103, "Financial Reporting Model Improvements". The requirements of this standard are effective in fiscal year 2026.

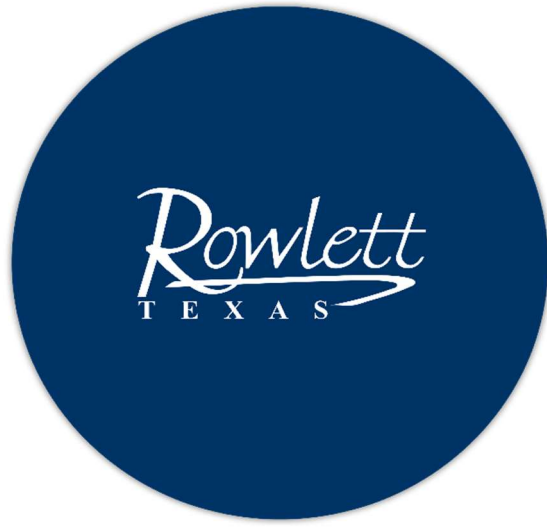
Statement No. 104, "Disclosure of Certain Capital Assets". The requirements of this standard are effective in fiscal year 2026.

Statement No. 105, "Subsequent Events". The requirements of this standard are effective in fiscal year 2027.

Note 16. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2025, and through February 9, 2026, the date the financial statements were issued.

**Required
Supplementary Information
(Unaudited)**



City of Rowlett, Texas
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (GAAP Basis) and Actual
General Fund
For The Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 41,981,000	\$ 41,981,000	\$ 42,516,635	\$ 535,635
Sales	9,879,000	9,879,000	9,995,844	116,844
Other	116,000	116,000	121,964	5,964
Franchise fees	2,800,000	2,800,000	2,907,116	107,116
Licenses and permits	1,948,600	1,948,600	2,591,740	643,140
Charge for services	3,606,000	3,606,000	4,133,400	527,400
Fines and forfeitures	766,500	766,500	1,083,634	317,134
Intergovernmental	838,900	838,900	1,000,753	161,853
Interest	809,000	809,000	2,408,287	1,599,287
Miscellaneous	1,175,032	1,175,032	2,210,307	1,035,275
Total revenues	<u>63,920,032</u>	<u>63,920,032</u>	<u>68,969,680</u>	<u>5,049,648</u>
EXPENDITURES				
Current operating:				
General government	8,048,812	9,247,936	7,984,078	1,263,858
Public safety	38,086,507	37,767,092	37,029,715	737,377
Public works	3,548,794	3,399,089	3,242,016	157,073
Culture and recreation	6,774,359	6,657,307	6,066,007	591,300
Community development	5,389,109	4,848,153	4,363,165	484,988
Debt service:				
Principal retirement	557,761	557,761	883,219	(325,458)
Interest and fiscal charges	39,963	39,963	57,455	(17,492)
Capital outlay	682,250	902,478	453,873	448,605
Total expenditures	<u>63,127,555</u>	<u>63,419,779</u>	<u>60,079,528</u>	<u>3,340,251</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>792,477</u>	<u>500,253</u>	<u>8,890,152</u>	<u>8,389,899</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt - leases and SBITAs	-	-	73,716	73,716
Transfers from other funds	2,170,427	2,170,427	2,129,072	(41,355)
Transfers to other funds	<u>(1,129,466)</u>	<u>(1,129,466)</u>	<u>(1,083,904)</u>	<u>45,562</u>
Total other financing sources (uses)	<u>1,040,961</u>	<u>1,040,961</u>	<u>1,118,884</u>	<u>77,923</u>
CHANGE IN FUND BALANCE	<u>1,833,438</u>	<u>1,541,214</u>	<u>10,009,036</u>	<u>8,467,822</u>
TOTAL FUND BALANCE, BEGINNING	<u>36,895,877</u>	<u>36,895,877</u>	<u>36,895,877</u>	<u>-</u>
TOTAL FUND BALANCE, ENDING	<u>\$ 38,729,315</u>	<u>\$ 38,437,091</u>	<u>\$ 46,904,913</u>	<u>\$ 8,467,822</u>

The Notes to the Required Supplementary Information are an integral part of this schedule.

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
For the Fiscal Year Ended September 30, 2025

	2015*	2016*	2017*	2018*
Total pension liability				
Service cost	\$ 3,555,319	\$ 3,690,762	\$ 3,927,237	\$ 4,229,958
Interest (on the total pension liability)	7,030,685	7,372,900	7,871,621	8,415,681
Difference in expected and actual experience	253,140	71,676	221,315	557,304
Change in assumptions	1,366,618	-	-	-
Benefit payments, including refunds of employee contributions	(3,180,434)	(3,786,938)	(3,943,302)	(4,279,472)
Net change in total pension liability	9,025,328	7,348,400	8,076,871	8,923,471
Total pension liability, beginning of year	100,250,911	109,276,239	116,624,639	124,701,510
Total pension liability, ending of year	<u>\$ 109,276,239</u>	<u>\$ 116,624,639</u>	<u>\$ 124,701,510</u>	<u>\$ 133,624,981</u>
Plan fiduciary net position				
Contributions -employer	\$ 2,843,382	\$ 2,763,065	\$ 3,084,838	\$ 3,369,540
Contributions -employee	1,524,019	1,557,284	1,661,067	1,803,271
Net investment income	137,446	6,379,417	14,029,963	(3,474,715)
Benefit payments, including refunds of employee contributions	(3,180,434)	(3,786,938)	(3,943,302)	(4,279,472)
Administrative expense	(83,712)	(72,034)	(72,699)	(67,138)
Other	(4,134)	(3,881)	(3,684)	(3,509)
Net change in plan fiduciary net position	1,236,567	6,836,913	14,756,183	(2,652,023)
Plan fiduciary net position - beginning	93,140,959	94,377,526	101,214,439	115,970,622
Plan fiduciary net position - ending	<u>\$ 94,377,526</u>	<u>\$ 101,214,439</u>	<u>\$ 115,970,622</u>	<u>\$ 113,318,599</u>
Net pension liability - ending	\$ 14,898,713	\$ 15,410,200	\$ 8,730,888	\$ 20,306,382
Plan fiduciary net position as a % of total pension liability	86.37%	86.79%	93.00%	84.80%
Covered payroll	\$ 21,771,702	\$ 22,246,910	\$ 23,729,529	\$ 25,761,010
Net pension liability as a % of covered payroll	68.43%	69.27%	36.79%	78.83%

* As of December 31 - Measurement Date

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios - Continued
For the Fiscal Year Ended September 30, 2025

2019*	2020*	2021*	2022*	2023*	2024*
\$ 4,583,856	\$ 4,629,830	\$ 4,988,887	\$ 5,372,338	\$ 6,021,776	\$ 6,897,784
9,001,835	9,622,787	10,255,417	10,948,401	11,641,066	12,369,560
347,501	484,635	1,288,866	420,998	1,293,449	1,974,519
328,627	-	-	-	(950,173)	-
(5,112,776)	(5,058,278)	(6,030,668)	(6,886,272)	(6,723,224)	(8,580,006)
9,149,043	9,678,974	10,502,502	9,855,465	11,282,894	12,661,857
133,624,981	142,774,024	152,452,998	162,955,500	172,810,965	184,093,859
<u>\$ 142,774,024</u>	<u>\$ 152,452,998</u>	<u>\$ 162,955,500</u>	<u>\$ 172,810,965</u>	<u>\$ 184,093,859</u>	<u>\$ 196,755,716</u>
\$ 3,570,170	\$ 3,681,858	\$ 3,944,492	\$ 4,265,980	\$ 4,762,842	\$ 5,223,447
1,949,392	1,974,943	2,119,066	2,277,793	2,546,975	2,751,253
17,526,632	9,958,930	18,475,409	(11,690,046)	17,143,948	17,214,860
(5,112,776)	(5,058,278)	(6,030,668)	(6,886,272)	(6,723,224)	(8,580,006)
(98,989)	(64,415)	(85,436)	(101,107)	(109,010)	(110,400)
(2,974)	(2,514)	585	120,650	(762)	(2,582)
17,831,455	10,490,524	18,423,448	(12,013,002)	17,620,769	16,496,572
113,318,599	131,150,054	141,640,578	160,064,026	148,051,024	165,671,793
<u>\$ 131,150,054</u>	<u>\$ 141,640,578</u>	<u>\$ 160,064,026</u>	<u>\$ 148,051,024</u>	<u>\$ 165,671,793</u>	<u>\$ 182,168,365</u>
\$ 11,623,970	\$ 10,812,420	\$ 2,891,474	\$ 24,759,941	\$ 18,422,066	\$ 14,587,351
91.86%	92.91%	98.23%	85.67%	89.99%	92.59%
\$ 27,848,458	\$ 28,213,467	\$ 30,272,375	\$ 32,539,902	\$ 36,385,352	\$ 39,303,614
41.74%	38.32%	9.55%	76.09%	50.63%	37.11%

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Contributions
For the Fiscal Year Ended September 30, 2025

	2016*	2017*	2018*	2019*
Actuarially determined contributions	\$ 2,821,242	\$ 2,973,731	\$ 3,286,439	\$ 3,457,517
Actual contributions	(2,821,242)	(2,973,731)	(3,286,439)	(3,457,517)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City covered payroll	\$ 22,428,002	\$ 23,115,523	\$ 25,162,426	\$ 26,835,715
Ratio of actual contributions to covered payroll amount	12.58%	12.86%	13.06%	12.88%

* As of September 30 - Fiscal Year

Notes to Schedule

Valuation Date

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Contributions – Continued
For the Fiscal Year Ended September 30, 2025

2020*	2021*	2022*	2023*	2024*	2025*
\$ 3,668,493 (3,668,493)	\$ 3,825,628 (3,825,628)	\$ 4,202,011 (4,202,011)	\$ 4,612,088 (4,612,088)	\$ 5,089,402 (5,089,402)	\$ 5,761,195 (5,761,195)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,245,354	\$ 29,942,468	\$ 32,103,897	\$ 35,219,995	\$ 38,447,171	\$ 41,168,435
12.99%	12.78%	13.09%	13.10%	13.24%	13.99%

City of Rowlett, Texas
Other Post-Employment Benefits –
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Year Ended September 30, 2025

Measurement period ending December 31,

	2017*	2018*	2019*
Total OPEB liability			
Service cost	\$ 161,071	\$ 163,487	\$ 189,521
Interest on the total OPEB liability	235,666	253,200	266,296
Difference in expected and actual experience	-	(121,085)	(487,619)
Change in assumptions	-	-	(98,891)
Benefit payments	(181,655)	(94,699)	(134,502)
Net change in total OPEB liability	215,082	200,903	(265,195)
Total OPEB liability, beginning of year	3,501,633	3,716,715	3,917,618
Total OPEB liability, ending of year	<u>\$ 3,716,715</u>	<u>\$ 3,917,618</u>	<u>\$ 3,652,423</u>
Plan fiduciary net position			
Employer contributions	\$ 219,240	\$ 426,005	\$ 467,264
OPEB plan net investment income	45,384	(34,114)	148,253
Benefit payments	(181,655)	(94,699)	(134,502)
OPEB plan administrative expense	(2,098)	(2,456)	(4,636)
Net change in plan fiduciary net position	80,871	294,736	476,379
Plan fiduciary net position - beginning	348,625	429,496	724,232
Plan fiduciary net position - ending	<u>\$ 429,496</u>	<u>\$ 724,232</u>	<u>\$ 1,200,611</u>
Net OPEB liability - ending	\$ 3,287,219	\$ 3,193,386	\$ 2,451,812
Plan fiduciary net position as a % of total OPEB liability	11.56%	18.49%	32.87%
Covered payroll	\$ 23,729,529	\$ 25,761,010	\$ 27,848,458
Net OPEB liability as a % of covered payroll	13.85%	12.40%	8.80%

* As of December 31 - Measurement Date

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The period of service used for the allocation of service costs was changed to only reflect service with Rowlett.

City of Rowlett, Texas
Other Post-Employment Benefits –
Schedule of Changes in Net OPEB Liability and Related Ratios - Continued
For the Fiscal Year Ended September 30, 2025

2020*	2021*	2022*	2023*	2024*
\$ 155,448	\$ 198,762	\$ 233,308	\$ 263,552	\$ 320,050
245,211	248,544	225,528	237,692	279,666
9,151	(263,494)	11,887	383,455	45,145
162,080	(307,755)	-	74,520	-
(194,773)	(304,439)	(218,724)	(363,726)	(268,035)
377,117	(428,382)	251,999	595,493	376,826
3,652,423	4,029,540	3,601,158	3,853,157	4,448,650
<u>\$ 4,029,540</u>	<u>\$ 3,601,158</u>	<u>\$ 3,853,157</u>	<u>\$ 4,448,650</u>	<u>\$ 4,825,476</u>
\$ 421,302	\$ 388,580	\$ 339,907	\$ 471,974	\$ 394,766
150,432	199,758	(272,649)	253,402	242,675
(194,773)	(304,439)	(218,724)	(363,726)	(268,035)
(6,963)	(9,895)	(9,716)	(10,302)	(12,625)
369,998	274,004	(161,182)	351,348	356,781
1,200,611	1,570,609	1,844,613	1,683,431	2,034,779
<u>\$ 1,570,609</u>	<u>\$ 1,844,613</u>	<u>\$ 1,683,431</u>	<u>\$ 2,034,779</u>	<u>\$ 2,391,560</u>
\$ 2,458,931	\$ 1,756,545	\$ 2,169,726	\$ 2,413,871	\$ 2,433,916
38.98%	51.22%	43.69%	45.74%	49.56%
\$ 28,213,467	\$ 30,272,375	\$ 32,539,902	\$ 36,385,352	\$ 39,303,614
8.72%	5.80%	6.67%	6.63%	6.19%

City of Rowlett, Texas
Other Post-Employment Benefits –
Schedule of Contributions
For the Fiscal Year Ended September 30, 2025

	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Actuarially determined contributions	\$ 354,221	\$ 420,194	\$ 426,497	\$ 432,894
Actual contributions	<u>(126,473)</u>	<u>(429,293)</u>	<u>(538,938)</u>	<u>(501,019)</u>
Contributions deficiency (excess)	<u>\$ 227,748</u>	<u>\$ (9,099)</u>	<u>\$ (112,441)</u>	<u>\$ (68,125)</u>
City covered payroll	\$ 25,162,426	\$ 26,835,715	\$ 28,245,354	\$ 29,942,468
Ratio of actual contributions to covered payroll amount	0.50%	1.60%	1.91%	1.67%

* As of September 30 - Fiscal Year

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date The actuarially determined contribution for fiscal year ending September 30, 2025 was developed in the December 31, 2023 valuation.

Methods and Assumptions:

Actuarial Cost Method	Individual Entry-Age Normal
Amortization Method	Level percentage of pay
Amortization Period	16 years as of FYE25
Asset Valuation	Fair Value
Investment Rate of Return	6.25%, net of investment expenses, including inflation
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Payroll Growth	1.50% for amortization of unfunded liabilities, 3.00% for other purposes
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare Cost Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years; Post-65: Initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 years;
Participation Rates	It was assumed that 85% of retirees during the funded period and 10% of retirees after the funded period would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to continue their health coverage through the City.

City of Rowlett, Texas
Other Post-Employment Benefits –
Schedule of Contributions - Continued
For the Fiscal Year Ended September 30, 2025

2022*	2023*	2024*	2025*
\$ 369,390	\$ 366,598	\$ 408,656	\$ 418,664
(329,556)	(421,591)	(400,181)	(364,110)
<u>\$ 39,834</u>	<u>\$ (54,993)</u>	<u>\$ 8,475</u>	<u>\$ 54,554</u>
\$ 32,103,897	\$ 35,219,995	\$ 38,447,171	\$ 41,168,435
1.03%	1.20%	1.04%	0.88%

City of Rowlett, Texas
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2025

Note 1. Basis of Budgeting

The Budgetary Comparison Schedule, included in Required Supplemental Schedules, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted. This schedule utilizes the same basis of accounting for both budgetary purposes and actual results.

Other Supplementary Information

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 18,841,400	\$ 19,061,400	\$ 19,068,013	\$ 6,613
Interest	84,000	133,490	258,767	125,277
Total revenues	18,925,400	19,194,890	19,326,780	131,890
EXPENDITURES				
Current operating:				
General government	146,062	172,562	170,557	2,005
Debt service:				
Principal retirement	13,578,704	13,821,694	13,819,677	2,017
Interest and fiscal charges	5,241,296	5,241,296	5,243,196	(1,900)
Total expenditures	18,966,062	19,235,552	19,233,430	2,122
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,662)	(40,662)	93,350	134,012
OTHER FINANCING SOURCES				
Issuance of debt	-	-	21,285	21,285
Transfers in	242,990	242,990	242,990	-
Total other financing sources	242,990	242,990	264,275	21,285
CHANGE IN FUND BALANCES	202,328	202,328	357,625	155,297
FUND BALANCES, BEGINNING	2,263,836	2,263,836	2,263,836	-
FUND BALANCES, ENDING	\$ 2,466,164	\$ 2,466,164	\$ 2,621,461	\$ 155,297

City of Rowlett, Texas

Description of Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Individual funds maintained are as follows:

Impact Fees Fund – to account for street impact and park prorata fees on new development. These funds are restricted to capital improvements included in an approved plan, developer refund and/or incentives, and impact fee study expenses.

Police Seizure Fund – to account for funds awarded as a result of court forfeitures of contraband pursuant to the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.

Child Safety Fund – to account for funds collected in accordance with Transportation Code Section 502.403 (Optional County Fee for Child Safety) which allows the Dallas County Commissioner's Court to levy a \$1.50 fee on all vehicles registered in Dallas County. Starting in fiscal year 2019, the fee is to be shared on a quarterly basis with the municipalities within Dallas County. A municipality with a population less than 850,000 must use the funds collected under article 102.014(g) of Code of Criminal Procedure for a school crossing guard program.

Jury Fund – A Local Consolidated Fee of \$14 is collected on all nonjailable misdemeanor offenses. Ten cents of that fee is collected in the Jury fund and may only be used by the municipality to fund juror reimbursements and otherwise finance jury services.

CVE Fund – Commercial Vehicle Enforcement fund is set up to collect fees from the CVE program to pay for the cost of administering the program that includes salaries, benefits, training, and equipment.

Court Fees Fund – to account for revenue generated on court fines for the purpose of paying salary and benefits for a juvenile case manager, acquiring qualifying technology for the municipal court, and for the purpose of providing security services for the municipal court, as allowed under Article 102 of the Texas Code of Criminal Procedure.

Grant Fund – to account for funds awarded to the City by various federal or state agencies. This fund includes funds granted to the City by the U.S. Department of Housing and Urban Development (HUD) under their community development block grant (CDBG) programs, other public safety grants, and library grants.

TIF Fund – to account for property taxes on improvements in the City's Tax Increment Financing Reinvestment Zone Number One, Two, Three, and Four. These funds may only be used for capital improvements within the designated zone.

Disaster Fund – to account for revenues and expenditures related to unexpected natural disasters.

Sapphire Bay Development Project – Master development agreement with Sapphire Bay Land Holdings LLC requiring the City of Rowlett to set up a project fund and deposit certain revenues and apply eligible expenses as defined in the agreement.

Other Special Revenue Fund – to account for funds received from a tax on the cost of occupancy in hotels and motels within the City limits of Rowlett and revenues received for public access television (PEG fees). The hotel/motel tax funds may only be utilized to promote tourism and the convention and hotel industry. The PEG fees collected may only be utilized for the capital costs of facilities and equipment of public, educational, and government access channels.

City of Rowlett, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue			
	Impact Fees	Police Seizure	Child Safety	Jury Fund
ASSETS				
Cash, cash equivalents and investments	\$ 11,785,220	\$ 689,469	\$ 60,562	\$ -
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accrued interest	10,034	-	53	-
Other	-	-	8,954	-
Due from other governments	-	-	-	-
Prepaid and other items	-	-	-	-
Total assets	<u>\$ 11,795,254</u>	<u>\$ 689,469</u>	<u>\$ 69,569</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 32,069	\$ 5,726	\$ -	\$ -
Retainage payable	-	-	-	-
Accrued liabilities	-	50,284	7,240	-
Unearned revenue	-	-	-	-
Due to other funds	-	15,709	-	-
Total liabilities	<u>32,069</u>	<u>71,719</u>	<u>7,240</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - other (court fines)	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable - Prepaid items	-	-	-	-
Restricted for:				
Capital projects	11,763,185	-	-	-
Public safety	-	617,750	62,329	-
Community development	-	-	-	-
Public broadcasting	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>11,763,185</u>	<u>617,750</u>	<u>62,329</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,795,254</u>	<u>\$ 689,469</u>	<u>\$ 69,569</u>	<u>\$ -</u>

Special Revenue							Total Governmental Funds
CVE Fund	Court Fees	Grant	TIF	Disaster	Sapphire Bay Development Project	Other	
\$ 208,347	\$ 281,095	\$ 250,205	\$ 2,886,456	\$ 472,802	\$ 1,932,742	\$ 1,101,886	\$ 19,668,784
-	-	-	6,981	-	-	25,489	32,470
228	163	-	1,953	-	1,565	989	14,985
-	673	-	-	-	-	15,692	25,319
-	-	204,164	-	-	-	-	204,164
-	-	-	-	-	-	-	-
<u>\$ 208,575</u>	<u>\$ 281,931</u>	<u>\$ 454,369</u>	<u>\$ 2,895,390</u>	<u>\$ 472,802</u>	<u>\$ 1,934,307</u>	<u>\$ 1,144,056</u>	<u>\$ 19,945,722</u>
\$ 515	\$ 4,419	\$ -	\$ 17,902	\$ -	\$ -	\$ -	\$ 60,631
-	-	19,455	-	-	-	-	19,455
13,346	15,492	5,134	-	-	-	-	91,496
-	-	425,612	-	-	-	-	425,612
-	-	4,875	-	-	-	-	20,584
<u>13,861</u>	<u>19,911</u>	<u>455,076</u>	<u>17,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,778</u>
-	-	140,747	-	-	-	-	140,747
-	-	-	6,981	-	-	-	6,981
-	673	-	-	-	-	-	673
<u>-</u>	<u>673</u>	<u>140,747</u>	<u>6,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,401</u>
-	-	-	-	-	-	-	-
-	-	-	2,120,337	-	-	-	13,883,522
194,714	261,347	-	-	472,802	-	-	1,608,942
-	-	-	750,170	-	1,934,307	525,323	3,209,800
-	-	-	-	-	-	618,733	618,733
-	-	(141,454)	-	-	-	-	(141,454)
<u>194,714</u>	<u>261,347</u>	<u>(141,454)</u>	<u>2,870,507</u>	<u>472,802</u>	<u>1,934,307</u>	<u>1,144,056</u>	<u>19,179,543</u>
<u>\$ 208,575</u>	<u>\$ 281,931</u>	<u>\$ 454,369</u>	<u>\$ 2,895,390</u>	<u>\$ 472,802</u>	<u>\$ 1,934,307</u>	<u>\$ 1,144,056</u>	<u>\$ 19,945,722</u>

City of Rowlett, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2025

	Special Revenue			
	Impact Fees	Police Seizure	Child Safety	Jury Fund
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Franchise fees	-	-	-	-
License and permits	2,836,261	-	-	-
Fines and forfeitures	-	174,958	-	804
Intergovernmental	-	-	80,679	-
Interest	425,451	-	1,828	-
Miscellaneous	-	9,600	-	-
Total revenues	3,261,712	184,558	82,507	804
EXPENDITURES				
Current operating:				
General government	-	-	-	-
Public safety	-	156,396	83,390	804
Culture and recreation	-	-	-	-
Capital outlay	414,781	3,404	-	-
Total expenditures	414,781	159,800	83,390	804
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,846,931	24,758	(883)	-
OTHER FINANCING SOURCES				
Transfers in	-	-	16,740	-
Transfers out	-	-	-	-
Total other financing sources	-	-	16,740	-
NET CHANGE IN FUND BALANCES	2,846,931	24,758	15,857	-
FUND BALANCES, BEGINNING	8,916,254	592,992	46,472	-
FUND BALANCES, ENDING	\$ 11,763,185	\$ 617,750	\$ 62,329	\$ -

Special Revenue							Total Governmental Funds
CVE Fund	Court Fees	Grant	TIF	Disaster	Sapphire Bay Development Project	Other	
\$ -	\$ -	\$ -	\$ 2,838,441	\$ -	\$ -	\$ -	\$ 2,838,441
-	-	-	-	-	-	219,393	219,393
-	-	-	-	-	-	69,700	69,700
-	-	-	-	-	552,112	-	3,388,373
460,519	113,015	-	-	-	-	-	749,296
-	-	1,208,094	-	-	-	-	1,288,773
13,100	10,292	-	102,119	-	71,065	40,554	664,409
-	-	-	-	-	-	-	9,600
<u>473,619</u>	<u>123,307</u>	<u>1,208,094</u>	<u>2,940,560</u>	<u>-</u>	<u>623,177</u>	<u>329,647</u>	<u>9,227,985</u>
-	-	921	1,209,757	5,335	-	223,987	1,440,000
430,400	186,715	539,465	-	-	-	-	1,397,170
-	-	96,740	-	-	-	-	96,740
90,497	-	363,821	-	-	-	-	872,503
<u>520,897</u>	<u>186,715</u>	<u>1,000,947</u>	<u>1,209,757</u>	<u>5,335</u>	<u>-</u>	<u>223,987</u>	<u>3,806,413</u>
<u>(47,278)</u>	<u>(63,408)</u>	<u>207,147</u>	<u>1,730,803</u>	<u>(5,335)</u>	<u>623,177</u>	<u>105,660</u>	<u>5,421,572</u>
-	69,602	-	-	-	-	-	86,342
-	-	-	(20,200)	(275,000)	-	-	(295,200)
-	69,602	-	(20,200)	(275,000)	-	-	(208,858)
<u>(47,278)</u>	<u>6,194</u>	<u>207,147</u>	<u>1,710,603</u>	<u>(280,335)</u>	<u>623,177</u>	<u>105,660</u>	<u>5,212,714</u>
<u>241,992</u>	<u>255,153</u>	<u>(348,601)</u>	<u>1,159,904</u>	<u>753,137</u>	<u>1,311,130</u>	<u>1,038,396</u>	<u>13,966,829</u>
<u>\$ 194,714</u>	<u>\$ 261,347</u>	<u>\$ (141,454)</u>	<u>\$ 2,870,507</u>	<u>\$ 472,802</u>	<u>\$ 1,934,307</u>	<u>\$ 1,144,056</u>	<u>\$ 19,179,543</u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Impact Fees Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
License and permits	\$ -	\$ -	\$ 2,836,261	\$ 2,836,261
Interest	-	-	425,451	425,451
Total revenues	-	-	3,261,712	3,261,712
EXPENDITURES				
Capital outlay	-	345,445	414,781	(69,336)
Total expenditures	-	345,445	414,781	(69,336)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(345,445)	2,846,931	3,192,376
CHANGE IN FUND BALANCES	-	(345,445)	2,846,931	3,192,376
FUND BALANCES, BEGINNING	8,916,254	8,916,254	8,916,254	-
FUND BALANCES, ENDING	\$ 8,916,254	\$ 8,570,809	\$ 11,763,185	\$ 3,192,376

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Police Seizure Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 250,000	\$ 250,000	\$ 174,958	\$ (75,042)
Miscellaneous	-	-	9,600	9,600
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>184,558</u>	<u>(65,442)</u>
EXPENDITURES				
Public safety	237,705	237,705	156,396	81,309
Capital outlay	280,000	280,000	3,404	276,596
Total expenditures	<u>517,705</u>	<u>517,705</u>	<u>159,800</u>	<u>357,905</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(267,705)	(267,705)	24,758	292,463
FUND BALANCES, BEGINNING	<u>592,992</u>	<u>592,992</u>	<u>592,992</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 325,287</u>	<u>\$ 325,287</u>	<u>\$ 617,750</u>	<u>\$ 292,463</u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Child Safety Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 80,679	\$ 15,679
Interest	525	525	1,828	1,303
Total revenues	<u>65,525</u>	<u>65,525</u>	<u>82,507</u>	<u>16,982</u>
EXPENDITURES				
Public safety	<u>102,048</u>	<u>102,048</u>	<u>83,390</u>	<u>18,658</u>
Total expenditures	<u>102,048</u>	<u>102,048</u>	<u>83,390</u>	<u>18,658</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(36,523)	(36,523)	(883)	35,640
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	<u>16,741</u>	<u>16,741</u>	<u>16,740</u>	<u>(1)</u>
Total other financing sources (uses)	<u>16,741</u>	<u>16,741</u>	<u>16,740</u>	<u>(1)</u>
EXCESS OF REVENUES OVER EXPENDITUR	(19,782)	(19,782)	15,857	35,639
FUND BALANCES, BEGINNING	<u>46,472</u>	<u>46,472</u>	<u>46,472</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 26,690</u>	<u>\$ 26,690</u>	<u>\$ 62,329</u>	<u>\$ 35,639</u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Jury Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 500	\$ 804	\$ 804	\$ -
Total revenues	500	804	804	-
EXPENDITURES				
Public safety	500	804	804	-
Total expenditures	500	804	804	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

City of Rowlett, Texas
 Budgetary Comparison Schedule
 CVE Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 463,146	\$ 463,146	\$ 460,519	\$ (2,627)
Interest	5,000	5,000	13,100	8,100
Total revenues	<u>468,146</u>	<u>468,146</u>	<u>473,619</u>	<u>5,473</u>
EXPENDITURES				
Public safety	422,400	444,125	430,400	13,725
Capital outlay	230,000	321,363	90,497	230,866
Total expenditures	<u>652,400</u>	<u>765,488</u>	<u>520,897</u>	<u>244,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(184,254)</u>	<u>(297,342)</u>	<u>(47,278)</u>	<u>250,064</u>
CHANGE IN FUND BALANCES	(184,254)	(297,342)	(47,278)	250,064
FUND BALANCES, BEGINNING	<u>241,992</u>	<u>241,992</u>	<u>241,992</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 57,738</u>	<u>\$ (55,350)</u>	<u>\$ 194,714</u>	<u>\$ 250,064</u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Court Fees Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 88,000	\$ 116,836	\$ 113,015	\$ (3,821)
Interest	5,000	6,115	10,292	4,177
Total revenues	<u>93,000</u>	<u>122,951</u>	<u>123,307</u>	<u>356</u>
EXPENDITURES				
Public safety	<u>207,247</u>	<u>263,954</u>	<u>186,715</u>	<u>77,239</u>
Total expenditures	<u>207,247</u>	<u>263,954</u>	<u>186,715</u>	<u>77,239</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(114,247)</u>	<u>(141,003)</u>	<u>(63,408)</u>	<u>77,595</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	<u>115,160</u>	<u>135,675</u>	<u>69,602</u>	<u>(66,073)</u>
Total other financing sources (uses)	<u>115,160</u>	<u>135,675</u>	<u>69,602</u>	<u>(66,073)</u>
CHANGE IN FUND BALANCES	913	(5,328)	6,194	11,522
FUND BALANCES, BEGINNING	<u>255,153</u>	<u>255,153</u>	<u>255,153</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 256,066</u>	<u>\$ 249,825</u>	<u>\$ 261,347</u>	<u>\$ 11,522</u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Grants Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,056,526	\$ 1,056,526	\$ 1,208,094	\$ 151,568
Total revenues	<u>1,056,526</u>	<u>1,056,526</u>	<u>1,208,094</u>	<u>151,568</u>
EXPENDITURES				
General government	-	-	921	(921)
Public safety	500,075	500,075	539,465	(39,390)
Culture and recreation	140,665	140,665	96,740	43,925
Capital outlay	415,786	611,191	363,821	247,370
Total expenditures	<u>1,056,526</u>	<u>1,251,931</u>	<u>1,000,947</u>	<u>250,984</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(195,405)</u>	<u>207,147</u>	<u>402,552</u>
CHANGE IN FUND BALANCES	-	(195,405)	207,147	402,552
FUND BALANCE, BEGINNING	<u>(348,601)</u>	<u>(348,601)</u>	<u>(348,601)</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ (348,601)</u></u>	<u><u>\$ (544,006)</u></u>	<u><u>\$ (141,454)</u></u>	<u><u>\$ 402,552</u></u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 TIF Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Property taxes	\$ 2,881,137	\$2,881,137	\$ 2,838,441	\$ (42,696)
Interest	14,000	14,000	102,119	88,119
Total revenues	<u>2,895,137</u>	<u>2,895,137</u>	<u>2,940,560</u>	<u>45,423</u>
EXPENDITURES				
General government	1,567,431	1,590,018	1,209,757	380,261
Capital outlay	-	34,687	-	34,687
Total expenditures	<u>1,567,431</u>	<u>1,624,705</u>	<u>1,209,757</u>	<u>414,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,327,706</u>	<u>1,270,432</u>	<u>1,730,803</u>	<u>460,371</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(20,200)	(20,200)	(20,200)	-
Total other financing sources (uses)	<u>(20,200)</u>	<u>(20,200)</u>	<u>(20,200)</u>	<u>-</u>
CHANGE IN FUND BALANCES	1,307,506	1,250,232	1,710,603	460,371
FUND BALANCES, BEGINNING	<u>1,159,904</u>	<u>1,159,904</u>	<u>1,159,904</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,467,410</u>	<u>\$2,410,136</u>	<u>\$ 2,870,507</u>	<u>\$ 460,371</u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Disaster Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
General government	-	5,675	5,335	340
Total expenditures	-	5,675	5,335	340
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(5,675)	(5,335)	340
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(250,000)	(275,000)	(275,000)	-
Total other financing sources (uses)	(250,000)	(275,000)	(275,000)	-
CHANGE IN FUND BALANCES	(250,000)	(280,675)	(280,335)	340
FUND BALANCES, BEGINNING	753,137	753,137	753,137	-
FUND BALANCES, ENDING	\$ 503,137	\$ 472,462	\$ 472,802	\$ 340

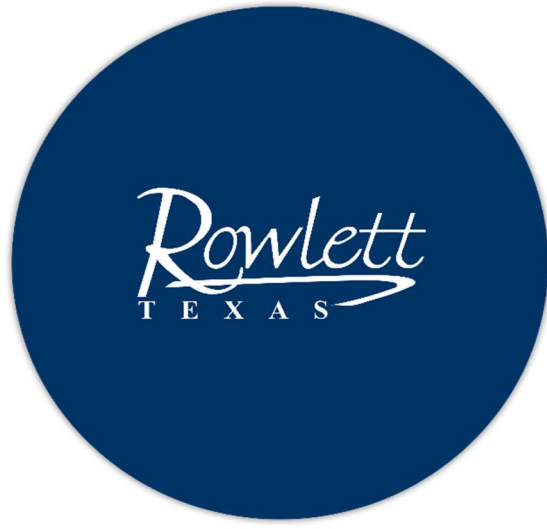
City of Rowlett, Texas
 Budgetary Comparison Schedule
 Sapphire Bay Development Project Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
License and permits	\$ -	\$ -	\$ 552,112	\$ 552,112
Interest	26,000	26,000	71,065	45,065
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>623,177</u>	<u>597,177</u>
EXPENDITURES				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,000	26,000	623,177	597,177
FUND BALANCES, BEGINNING	<u>1,311,130</u>	<u>1,311,130</u>	<u>1,311,130</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,337,130</u>	<u>\$ 1,337,130</u>	<u>\$ 1,934,307</u>	<u>\$ 597,177</u>

City of Rowlett, Texas
 Budgetary Comparison Schedule
 Other Special Revenue Fund
 For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Other taxes	\$ 210,000	\$ 210,000	\$ 219,393	\$ 9,393
Franchise fees	79,000	79,000	69,700	(9,300)
Interest	18,000	18,000	40,554	22,554
Total revenues	<u>307,000</u>	<u>307,000</u>	<u>329,647</u>	<u>22,647</u>
EXPENDITURES				
General government	504,225	504,225	223,987	280,238
Capital outlay	15,000	15,000	-	15,000
Total expenditures	<u>519,225</u>	<u>519,225</u>	<u>223,987</u>	<u>295,238</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(212,225)</u>	<u>(212,225)</u>	<u>105,660</u>	<u>317,885</u>
FUND BALANCES, BEGINNING	<u>1,038,396</u>	<u>1,038,396</u>	<u>1,038,396</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 826,171</u>	<u>\$ 826,171</u>	<u>\$ 1,144,056</u>	<u>\$ 317,885</u>

Statistical Section (Unaudited)



Statistical Section

(Unaudited)

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

Tables

Financial Trends

These schedules contain trend information to help the reader understand 1-4
how financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain trend information to help the reader access the City's..... 5-9
most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of 10-14
the City's current levels of outstanding debt and the City's ability to issue additional
debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader 15-16
understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader..... 17-19
understand how the information in the City's financial report relates to the services
the City provides and the activities it performs.

City of Rowlett, Texas
Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2025	2024	2023	2022
Governmental activities:				
Net investment in capital assets	\$ 114,606,887	\$ 97,679,314	\$ 89,705,623	\$ 82,362,882
Restricted	23,113,702	12,759,132	11,785,020	15,083,766
Unrestricted	42,518,132	34,634,022	25,502,613	23,586,713
Total governmental activities net position	<u>\$ 180,238,721</u>	<u>\$ 145,072,468</u>	<u>\$ 126,993,256</u>	<u>\$ 121,033,361</u>
Business-type activities:				
Net investment in capital assets	\$ 115,546,909	\$ 103,209,447	\$ 103,036,249	\$ 95,391,939
Restricted	6,041,816	5,350,745	5,759,406	5,200,132
Unrestricted	44,486,831	40,000,588	34,221,008	32,168,574
Total business-type activities net position	<u>\$ 166,075,556</u>	<u>\$ 148,560,780</u>	<u>\$ 143,016,663</u>	<u>\$ 132,760,645</u>
Primary government:				
Net investment in capital assets	\$ 230,153,796	\$ 200,888,761	\$ 192,741,872	\$ 177,754,821
Restricted	29,155,518	18,109,877	17,544,426	20,283,898
Unrestricted	87,004,963	74,634,610	59,723,621	55,755,287
Total primary government net position	<u>\$ 346,314,277</u>	<u>\$ 293,633,248</u>	<u>\$ 270,009,919</u>	<u>\$ 253,794,006</u>

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 1

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 78,581,151	\$ 75,468,383	\$ 61,372,712	\$ 57,007,151	\$ 56,614,842	\$ 49,737,154
11,972,802	11,456,839	5,819,967	5,327,063	3,371,581	2,814,485
12,200,090	8,314,692	5,234,368	4,509,719	4,926,152	3,122,284
<u>\$ 102,754,043</u>	<u>\$ 95,239,914</u>	<u>\$ 72,427,047</u>	<u>\$ 66,843,933</u>	<u>\$ 64,912,575</u>	<u>\$ 55,673,923</u>
\$ 94,944,109	\$ 94,475,722	\$ 75,234,817	\$ 75,255,958	\$ 72,739,710	\$ 67,798,118
4,532,998	4,142,581	3,870,795	3,799,689	3,734,307	3,841,031
25,792,131	21,383,533	20,777,879	13,948,336	11,050,293	9,414,010
<u>\$ 125,269,238</u>	<u>\$ 120,001,836</u>	<u>\$ 99,883,491</u>	<u>\$ 93,003,983</u>	<u>\$ 87,524,310</u>	<u>\$ 81,053,159</u>
\$ 173,525,260	\$ 169,944,105	\$ 136,607,529	\$ 132,263,109	\$ 129,354,552	\$ 117,535,272
16,505,800	15,599,420	9,690,762	9,126,752	7,105,888	6,655,516
37,992,221	29,698,225	26,012,247	18,458,055	15,976,445	12,536,294
<u>\$ 228,023,281</u>	<u>\$ 215,241,750</u>	<u>\$ 172,310,538</u>	<u>\$ 159,847,916</u>	<u>\$ 152,436,885</u>	<u>\$ 136,727,082</u>

City of Rowlett, Texas
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2025	2024	2023	2022
Expenses				
Governmental activities:				
General government	\$ 10,134,932	\$ 9,994,155	\$ 9,593,622	\$ 7,407,891
Public safety	40,617,792	38,855,542	37,118,036	30,304,339
Public works	13,884,942	11,956,264	17,344,570	16,261,480
Culture and recreation	7,141,058	6,353,912	7,387,669	6,429,288
Community Development	4,358,802	4,069,941	4,457,971	3,813,650
Interest and fiscal charges	6,157,279	3,578,670	3,860,011	3,315,859
Total governmental activities	82,294,805	74,808,484	79,761,879	67,532,507
Business-type activities:				
Water and sewer	38,067,143	35,526,034	32,937,512	29,648,243
Refuse	7,784,032	7,462,700	7,017,286	6,567,661
Drainage	1,694,029	1,638,638	2,921,895	2,144,224
Total business-type activities	47,545,204	44,627,372	42,876,693	38,360,128
Total primary government expenses	\$ 129,840,009	\$ 119,435,856	\$ 122,638,572	\$ 105,892,635
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 85,030	\$ 66,780	\$ 103,537	\$ 93,405
Public safety	4,319,436	4,158,927	3,600,867	3,266,468
Public works	4,251,580	1,970,380	1,845,040	2,893,749
Culture and recreation	992,413	611,749	1,062,597	954,198
Community Development	3,182,907	3,209,561	2,794,801	3,205,965
Operating grants and contributions	2,016,440	3,047,687	3,094,457	9,774,522
Capital grants and contributions	14,032,570	3,303,349	5,764,020	6,257,256
Total governmental activities program revenues	28,880,376	16,368,433	18,265,319	26,445,563
Business-type activities:				
Charges for services:				
Water and sewer	37,129,952	35,314,115	34,755,142	34,208,501
Refuse	7,711,154	7,481,070	7,161,344	6,826,434
Drainage	1,890,030	1,738,367	1,470,270	1,454,433
Capital grants and contributions	17,725,777	5,244,257	7,761,382	3,824,497
Total business-type activities program revenues	64,456,913	49,777,809	51,148,138	46,313,865
Total primary government revenues	\$ 93,337,289	\$ 66,146,242	\$ 69,413,457	\$ 72,759,428
Net (expense)/revenue				
Governmental activities	\$ (53,414,429)	\$ (58,440,051)	\$ (61,496,560)	\$ (41,086,944)
Business-type activities	16,911,709	5,150,437	8,271,445	7,953,737
Total primary government net expense	\$ (36,502,720)	\$ (53,289,614)	\$ (53,225,115)	\$ (33,133,207)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 64,500,744	\$ 55,175,444	\$ 48,078,350	\$ 43,882,591
Sales taxes	9,995,844	9,808,807	9,615,793	8,855,809
Other	341,357	423,114	461,216	435,673
Franchise fees	2,955,821	3,036,670	3,256,304	3,193,838
Investment earnings	6,580,970	4,229,781	4,311,990	612,775
Miscellaneous	2,272,078	1,531,627	1,571,458	1,563,256
Transfers (net)	1,933,868	2,313,820	161,344	822,320
Total governmental activities	88,580,682	76,519,263	67,456,455	59,366,262
Business-type activities:				
Investment earnings	2,486,384	2,095,568	2,195,511	300,999
Gain on sale/retirement of capital assets	-	32,658	13,043	-
Miscellaneous	50,551	579,274	6,652	58,991
Transfers (net)	(1,933,868)	(2,313,820)	(230,633)	(822,320)
Total business-type activities	603,067	393,680	1,984,573	(462,330)
Total primary government	\$ 89,183,749	\$ 76,912,943	\$ 69,441,028	\$ 58,903,932
Changes in Net Position				
Governmental activities	\$ 35,166,253	\$ 18,079,212	\$ 5,959,895	\$ 18,279,318
Business-type activities	17,514,776	5,544,117	10,256,018	7,491,407
Total primary government	\$ 52,681,029	\$ 23,623,329	\$ 16,215,913	\$ 25,770,725

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 2

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 7,691,022	\$ 7,659,005	\$ 5,420,785	\$ 4,488,176	\$ 4,009,554	\$ 8,661,210
27,444,563	27,749,819	27,289,033	24,585,595	23,615,382	23,496,850
17,094,758	13,601,146	13,180,957	12,549,250	10,948,955	10,171,825
5,943,141	5,980,810	6,568,110	5,923,484	5,689,940	5,517,845
3,221,536	3,230,325	3,501,440	3,263,380	3,531,966	2,364,074
3,442,109	3,311,592	2,985,086	2,646,178	2,313,657	2,312,864
64,837,129	61,532,697	58,945,411	53,456,063	50,109,454	52,524,668
29,004,365	29,328,206	29,326,748	28,467,611	24,873,275	25,018,832
6,582,191	6,469,157	6,095,125	5,747,436	3,997,901	3,835,050
1,589,063	1,725,900	1,676,108	1,674,868	1,856,605	1,780,188
37,175,619	37,523,263	37,097,981	35,889,915	30,727,781	30,634,070
\$ 102,012,748	\$ 99,055,960	\$ 96,043,392	\$ 89,345,978	\$ 80,837,235	\$ 83,158,738
\$ 87,167	\$ 87,097	\$ 73,326	\$ 65,207	\$ 57,609	\$ 27,250
2,912,906	3,075,507	2,982,871	2,494,684	2,310,649	2,923,557
2,025,673	1,647,102	1,837,763	2,565,725	1,018,438	958,097
656,584	284,904	855,995	921,069	1,021,800	925,832
2,201,792	2,393,835	1,637,391	1,998,492	2,130,381	1,706,037
2,245,059	5,432,039	1,579,710	543,883	1,135,141	2,035,858
5,410,366	17,909,654	4,400,205	1,567,932	7,722,894	1,851,705
15,539,547	30,830,138	13,367,261	10,156,992	15,396,912	10,428,336
32,283,237	32,827,177	32,564,897	31,574,148	27,688,606	26,561,193
6,600,670	6,414,887	6,040,064	5,728,612	5,139,251	4,911,283
1,437,417	1,402,172	1,397,830	1,380,266	1,356,154	1,320,362
3,762,789	18,328,364	5,084,099	2,952,879	5,101,806	7,202,846
44,084,113	58,972,600	45,086,890	41,635,905	39,285,817	39,995,684
\$ 59,623,660	\$ 89,802,738	\$ 58,454,151	\$ 51,792,897	\$ 54,682,729	\$ 50,424,020
\$ (49,297,582)	\$ (30,702,559)	\$ (45,578,150)	\$ (43,299,071)	\$ (34,712,542)	\$ (42,096,332)
6,908,494	21,449,337	7,988,909	5,745,990	8,558,036	9,361,614
\$ (42,389,088)	\$ (9,253,222)	\$ (37,589,241)	\$ (37,553,081)	\$ (26,154,506)	\$ (32,734,718)
\$ 41,951,898	\$ 39,124,891	\$ 35,818,604	\$ 32,851,565	\$ 29,725,260	\$ 27,486,731
8,089,146	7,206,313	7,175,368	7,319,051	6,869,068	6,705,320
215,083	99,036	173,416	182,111	185,868	175,204
2,867,108	3,018,982	3,178,867	3,188,420	3,005,412	3,145,738
49,269	1,029,614	1,704,720	583,909	236,481	141,019
1,964,017	1,293,788	1,381,289	2,173,698	1,447,744	2,556,794
1,675,190	1,742,802	1,729,000	362,160	2,481,361	3,353,436
56,811,711	53,515,426	51,161,264	46,660,914	43,951,194	43,564,242
18,762	375,999	586,972	169,469	58,485	60,724
-	4,255	15,031	14,245	64,273	371,220
15,336	31,556	17,596	16,535	271,718	13,312
(1,675,190)	(1,742,802)	(1,729,000)	(362,160)	(2,481,361)	(3,353,436)
(1,641,092)	(1,330,992)	(1,109,401)	(161,911)	(2,086,885)	(2,908,180)
\$ 55,170,619	\$ 52,184,434	\$ 50,051,863	\$ 46,499,003	\$ 41,864,309	\$ 40,656,062
\$ 7,514,129	\$ 22,812,867	\$ 5,583,114	\$ 3,361,843	\$ 9,238,652	\$ 1,467,910
5,267,402	20,118,345	6,879,508	5,584,079	6,471,151	6,453,434
\$ 12,781,531	\$ 42,931,212	\$ 12,462,622	\$ 8,945,922	\$ 15,709,803	\$ 7,921,344

City of Rowlett, Texas
Fund Balances of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2025	2024	2023	2022
General fund				
Nonspendable:				
Inventories	\$ 66,183	\$ 55,448	\$ 95,155	\$ 74,303
Prepaid items	131,315	127,725	190,185	100,571
Restricted for:				
Capital projects	-	-	238,371	2,372,642
Assigned for:				
Economic development	1,174,523	2,493,930	2,388,115	2,180,678
Capital acquisition	-	-	-	-
Unassigned	45,532,892	34,218,774	24,411,415	21,574,353
Total general fund	<u>\$ 46,904,913</u>	<u>\$ 36,895,877</u>	<u>\$ 27,323,241</u>	<u>\$ 26,302,547</u>
All other governmental funds				
Nonspendable:				
Inventories	\$ 65,241	\$ 68,710	\$ 70,488	\$ 75,227
Prepaid items	21,189	22,860	3,250	18,982
Restricted for:				
Debt service	2,600,272	2,246,705	1,038,351	2,168,175
Capital projects	155,319,447	91,403,244	70,846,281	53,748,361
Public safety	1,608,942	1,135,319	1,209,190	961,465
Community development	3,209,800	1,963,891	1,498,651	1,081,040
Public broadcasting	618,733	577,895	580,238	600,822
Assigned for:				
Capital acquisition	4,970,423	7,700,114	9,639,334	5,836,644
Capital projects	-	753,137	1,000,959	6,255,905
Unassigned	(141,454)	(348,601)	(98,853)	(128,659)
Total all other governmental funds	<u>\$ 168,272,593</u>	<u>\$ 105,523,274</u>	<u>\$ 85,787,889</u>	<u>\$ 70,617,962</u>

Note: The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 3

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 61,242	\$ 51,425	\$ 54,678	\$ 51,338	\$ 65,823	\$ 69,008
71,291	94,868	95,188	98,171	73,499	85,300
2,134,295	875,267	-	-	48,753	90,720
1,919,990	1,714,094	1,282,294	993,769	803,104	802,739
2,093	2,093	2,063	2,010	1,987	16,463
17,804,054	13,839,144	11,056,756	10,078,849	7,793,076	6,845,704
<u>\$ 21,992,965</u>	<u>\$ 16,576,891</u>	<u>\$ 12,490,979</u>	<u>\$ 11,224,137</u>	<u>\$ 8,786,242</u>	<u>\$ 7,909,934</u>
\$ 49,571	\$ 35,620	\$ 38,232	\$ 50,452	\$ 43,479	\$ 57,060
28,583	12,296	12,872	1,700	11,641	493
1,715,706	1,280,623	977,804	670,762	548,037	30,018
56,628,752	56,846,310	45,736,428	39,785,516	23,777,330	16,713,319
822,556	2,876,283	527,577	329,669	425,873	457,709
91,223	41,216	40,477	42,296	71,121	82,140
673,730	607,815	498,424	519,351	384,721	299,470
6,930,887	7,868,000	7,392,879	6,515,766	7,485,985	4,573,534
-	-	-	-	-	-
927,984	(422,076)	(86,727)	(145,982)	(310,906)	(485,078)
<u>\$ 67,868,992</u>	<u>\$ 69,146,087</u>	<u>\$ 55,137,966</u>	<u>\$ 47,769,530</u>	<u>\$ 32,437,281</u>	<u>\$ 21,728,665</u>

City of Rowlett, Texas
Changes in Fund Balances of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2025	2024	2023	2022
Revenues				
Taxes	\$ 74,760,290	\$ 65,238,995	\$ 58,065,477	\$ 53,103,041
Franchise fees	2,976,816	3,064,532	3,207,829	3,203,398
Licenses and permits	5,980,113	3,558,444	3,274,378	4,273,554
Charges for services	4,996,607	4,888,570	4,618,977	4,796,487
Fines and forfeitures	1,832,930	1,627,904	1,427,630	1,231,843
Intergovernmental	2,490,294	3,291,398	3,547,249	10,839,835
Interest	7,001,065	5,857,112	4,311,990	612,775
Miscellaneous	2,272,078	1,531,627	1,571,458	1,563,256
Total revenues	102,310,193	89,058,582	80,024,988	79,624,189
Expenditures				
General government	9,594,635	9,431,696	8,962,377	7,365,999
Public safety	38,426,885	36,557,129	33,409,720	29,840,599
Public works	6,478,148	5,375,090	10,236,586	9,017,492
Culture and recreation	6,162,747	5,568,985	6,051,470	5,412,329
Community development	4,363,165	4,194,935	4,247,119	4,015,009
Debt service:				
Principal	15,087,222	9,250,828	9,622,229	8,932,822
Interest	5,366,954	4,822,315	3,734,917	3,816,572
Other charges	1,026,252	528,730	489,564	142,680
Capital outlay	26,198,841	19,869,287	14,710,184	11,947,576
Total expenditures	112,704,849	95,598,995	91,464,166	80,491,078
Excess (deficiency) of revenues over (under) expenditures	(10,394,656)	(6,540,413)	(11,439,178)	(866,889)
Other Financing Sources/(Uses)				
Financed purchases	-	-	-	1,360,063
Issuance of refunding bonds	-	8,880,687	-	-
Issuance of bonds	77,475,000	31,130,000	24,475,000	4,175,000
Premiums on bonds issued	3,496,500	2,586,204	2,780,768	172,059
Payments to refunding bond escrow agent	-	(9,337,415)	-	-
Proceeds from sale of assets	-	35,372	269,124	134,176
Proceeds from right-to-use leases and SBITA	247,643	239,766	-	1,261,823
Transfers in	3,312,972	7,865,320	11,307,639	10,994,163
Transfers out	(1,379,104)	(5,551,500)	(11,202,732)	(10,171,843)
Total other financing sources/(uses)	83,153,011	35,848,434	27,629,799	7,925,441
Net change in fund balances	\$ 72,758,355	\$ 29,308,021	\$ 16,190,621	\$ 7,058,552
Debt service as a percentage of noncapital expenditures	23.6%	18.6%	17.4%	18.6%

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 4

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 50,227,003	\$ 46,423,643	\$ 43,100,479	\$ 40,338,559	\$ 36,836,304	\$ 34,354,402
2,861,016	3,046,127	3,141,369	3,181,008	3,008,801	3,150,502
2,741,608	2,337,219	2,120,446	3,012,473	2,180,112	2,222,024
3,971,424	3,659,032	3,849,206	4,033,166	3,553,951	3,007,143
1,090,825	1,508,947	1,360,702	1,081,907	1,121,136	1,050,809
2,756,644	4,983,263	1,815,469	1,689,155	1,583,623	2,324,036
49,269	1,029,614	1,704,720	583,909	236,481	141,019
1,964,017	1,293,788	1,381,289	2,173,698	1,447,744	2,556,794
65,661,806	64,281,633	58,473,680	56,093,875	49,968,152	48,806,729
7,357,675	6,793,204	4,826,345	3,853,494	4,503,017	6,625,996
27,113,259	26,061,801	24,487,703	22,545,405	20,747,659	21,328,195
9,599,886	6,481,591	6,891,163	6,704,659	5,078,766	4,145,778
5,078,823	5,028,783	5,498,493	5,108,152	4,819,880	4,717,532
3,315,756	3,176,257	3,300,535	3,185,585	3,260,438	2,154,699
8,487,584	8,282,777	8,152,882	7,714,233	7,271,177	7,274,521
3,859,024	3,577,675	3,219,234	2,728,161	2,638,549	2,640,705
248,923	243,636	213,777	345,280	176,721	187,709
11,415,132	9,670,962	15,269,220	8,973,985	5,156,259	6,185,708
76,476,062	69,316,686	71,859,352	61,158,954	53,652,466	55,260,843
(10,814,256)	(5,035,053)	(13,385,672)	(5,065,079)	(3,684,314)	(6,454,114)
2,134,295	875,253	-	-	-	165,354
-	-	-	-	-	-
10,010,000	18,185,000	18,285,000	21,055,000	10,930,000	6,990,000
704,923	2,313,636	1,630,779	1,014,698	440,012	810,957
-	-	-	-	-	-
68,827	12,395	376,171	32,827	1,417,865	8,695
-	-	-	-	-	-
4,681,769	3,575,711	4,354,332	3,990,338	6,289,252	5,980,852
(2,646,579)	(1,832,909)	(2,625,332)	(3,257,640)	(3,807,891)	(2,627,416)
14,953,235	23,129,086	22,020,950	22,835,223	15,269,238	11,328,442
\$ 4,138,979	\$ 18,094,033	\$ 8,635,278	\$ 17,770,144	\$ 11,584,924	\$ 4,874,328
19.0%	28.2%	21.7%	20.3%	20.4%	20.2%

Table 5

City of Rowlett, Texas
General Governmental Tax Revenue by Source (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis)

Fiscal Year	Property Tax	Sales Tax	Other	Total
2016	\$ 27,473,878	\$ 6,705,320	\$ 175,204	\$ 34,354,402
2017	29,781,368	6,869,068	185,868	36,836,304
2018	32,837,397	7,319,051	182,111	40,338,559
2019	35,751,695	7,175,368	173,416	43,100,479
2020	39,118,294	7,206,313	99,036	46,423,643
2021	41,922,773	8,089,146	215,083	50,227,002
2022	43,811,559	8,855,809	435,673	53,103,041
2023	47,988,468	9,615,793	461,216	58,065,477
2024	55,007,074	9,808,807	423,114	65,238,995
2025	64,423,089	9,995,844	341,357	74,760,290

Source: City of Rowlett - Finance Department

Table 6

City of Rowlett, Texas
Assessed Value and Estimated Actual Value
of Taxable Property (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2016	\$ 3,846,233,547	\$ 185,674,030	\$ 444,452,200	\$ 3,587,455,377	0.78717
2017	4,304,356,460	194,001,341	563,443,777	3,934,914,024	0.78717
2018	4,805,306,971	192,345,557	613,501,169	4,384,151,359	0.77717
2019	5,451,019,219	193,634,834	716,778,867	4,927,875,186	0.75717
2020	5,895,477,445	202,636,225	685,970,774	5,412,142,896	0.75717
2021	6,095,957,646	200,072,331	704,588,543	5,591,441,434	0.74500
2022	6,684,353,394	211,800,549	703,791,278	6,192,362,665	0.74500
2023	8,542,502,259	234,664,490	1,564,597,591	7,212,569,158	0.68100
2024	9,470,371,721	253,714,637	1,584,585,457	8,139,500,901	0.71040
2025	10,095,588,418	276,057,314	1,418,368,971	8,953,276,761	0.76969

Source: Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District

City of Rowlett, Texas
Property Tax Rates
Direct and Overlapping Governments (Unaudited)
Last Ten Fiscal Years

				Overlapping Rates ⁽¹⁾				
				Dallas County Properties				
				City of Rowlett Direct Rates				Dallas County Hospital District
Fiscal Year	General Fund	Debt Service Fund	Total City	Dallas County				
2025	0.53134	0.23835	0.76969	0.21550	0.21200	0.10560	1.05090	2.35369
2024	0.53134	0.17906	0.71040	0.21572	0.21950	0.11003	1.05320	2.30885
2023	0.52579	0.15521	0.68100	0.21795	0.23580	0.11590	1.17250	2.42315
2022	0.53854	0.20646	0.74500	0.22795	0.25500	0.12351	1.25630	2.60776
2021	0.52469	0.22031	0.74500	0.24974	0.26610	0.12400	1.25630	2.64114
2020	0.53756	0.21961	0.75717	0.25310	0.26950	0.12400	1.39000	2.79377
2019	0.53113	0.22604	0.75717	0.25310	0.27940	0.12400	1.46000	2.87367
2018	0.55119	0.22598	0.77717	0.25310	0.27940	0.12424	1.46000	2.89391
2017	0.55117	0.23600	0.78717	0.25237	0.27940	0.12293	1.46000	2.90187
2016	0.57792	0.20925	0.78717	0.25310	0.28600	0.12365	1.35330	2.80322

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Rowlett. A typical property tax bill would consist of the City, School District, and County taxes; residents within the City of Rowlett are divided between Dallas and Rockwall counties.

Source: City of Rowlett - Finance Department / Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District Tax rates are applied on each \$100 of assessed value and are levied on 100% of assessed value.

Table 7

Rockwall County Properties		
Rockwall County	Rockwall Independent School District	Total Direct & Overlapping Rates
0.254700	1.14690	2.17129
0.276000	1.01920	2.00560
0.292500	1.21460	2.18810
0.313100	1.27360	2.33170
0.313100	1.31000	2.36810
0.325000	1.35000	2.43217
0.328400	1.43000	2.51557
0.349800	1.44000	2.56697
0.375900	1.46500	2.62807
0.395900	1.44000	2.62307

Table 8

City of Rowlett, Texas
Principal Property Taxpayers (Unaudited)
Current Year and Nine Years Ago

Taxpayer	2025		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BVfV Grand Prairie LLC	\$ 267,730,080	1	2.99%
TX Harmony Apartments LLC	128,085,280	2	1.43%
JSC CCI Lakeview I LLC	91,123,936	3	1.02%
VAF2 Mack (Rowlett) LLC	49,103,328	4	0.55%
Oncor Electric Delivery	47,836,222	5	0.53%
BSP Rowlett LLC	47,699,836	6	0.53%
Sapphire Bay Land Holdings I LLC	41,043,962	7	0.46%
The View at Sapphire Bay LLC	38,132,710	8	0.43%
Atmos Energy	34,890,413	9	0.39%
1100 SBB LLC	31,110,370	10	0.35%
	<u>\$ 776,756,137</u>		<u>8.68%</u>

Source: Dallas County Tax Office

Taxpayer	2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Point Medical Center	\$ 34,595,315	1	0.96%
Oncor Electric Delivery	27,292,500	2	0.76%
Wal Mart Stores, Inc.	23,904,420	3	0.67%
Target Corporation	13,655,310	4	0.38%
Frontier Communications	13,015,770	5	0.36%
Bayside Land Partners LLC	12,115,000	6	0.34%
Horton D R Texas LTD	10,968,520	7	0.31%
Gemini Rowlett Crossing	10,769,920	8	0.30%
Safeway, Inc.	10,692,820	9	0.30%
Home Depot USA Inc.	10,678,440	10	0.30%
	<u>\$ 167,688,015</u>		<u>4.68%</u>

Source: Dallas County Tax Office

Table 9

City Of Rowlett, Texas
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Total Tax Collections	Accumulated Delinquent Taxes	Percentage of Levy
2016	\$ 27,332,380	\$ 27,062,463	99.01%	\$ 233,221	\$ 27,295,684	\$ 36,696	99.87%
2017	29,530,076	29,350,720	99.39%	139,037	29,489,757	40,319	99.86%
2018	32,629,060	32,440,060	99.42%	134,816	32,574,876	54,184	99.83%
2019	35,578,007	35,343,132	99.34%	126,568	35,469,700	108,307	99.70%
2020	38,954,744	38,727,968	99.42%	-	38,727,968	226,776	99.42%
2021	41,740,796	41,515,929	99.46%	-	41,515,929	224,867	99.46%
2022	43,693,269	43,446,147	99.43%	-	43,446,147	247,122	99.43%
2023	48,020,863	47,705,133	99.34%	-	47,705,133	315,730	99.34%
2024	55,185,832	54,732,024	99.18%	-	54,732,024	453,808	99.18%
2025	64,447,329	63,999,635	99.31%	-	63,999,635	447,694	99.31%

Source: Dallas County Tax Office - jurisdiction reports

City of Rowlett, Texas
Ratios of Outstanding Debt By Type (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Financed Purchases	Right-to-Use Lease Liability	Subscription Liability	Bond Premiums
2016	\$ 58,866,953	\$ 2,700,000	\$ 1,070,000	\$ 4,271,557	\$ -	\$ -	\$ 4,983,517
2017	63,893,994	2,545,000	895,000	3,233,339	-	-	4,681,208
2018	76,535,928	2,385,000	2,520,000	2,467,172	-	-	4,991,594
2019	88,351,413	2,220,000	1,785,000	1,683,805	-	-	5,913,643
2020	99,922,275	2,050,000	995,000	1,850,419	-	-	7,464,012
2021	102,844,376	1,875,000	185,000	3,570,029	-	-	7,290,832
2022	99,514,060	1,695,000	-	4,122,325	993,905	-	6,595,137
2023	104,929,016	12,325,000	-	3,365,415	2,353,521	106,094	8,564,187
2024	111,711,274	22,340,000	6,155,000	2,565,456	1,942,553	48,642	9,455,074
2025	149,076,597	50,760,000	4,025,000	2,006,957	1,466,364	50,067	11,870,137

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Source: City of Rowlett - Finance Department

Table 10

Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Financed Purchases	Right-to-Use Lease Liability	Bond Premiums			
\$ 23,215,000	\$ 12,693,047	\$ -	\$ 3,721,764	\$ -	\$ 2,134,112	\$ 113,655,950	6.69%	\$ 1,887
21,030,000	11,191,006	-	2,773,624	-	1,733,707	111,976,878	6.29%	1,806
23,830,000	9,629,071	-	1,913,003	-	1,725,748	125,997,516	6.79%	2,004
26,450,000	8,198,587	-	1,028,678	-	1,749,647	137,380,773	6.76%	2,073
30,880,000	6,722,725	-	286,388	-	2,184,657	152,355,476	7.01%	2,263
35,665,000	5,220,624	-	89,634	-	2,368,345	159,108,840	7.91%	2,544
40,865,000	3,790,940	-	-	-	2,755,121	160,331,488	7.10%	2,465
44,830,000	2,285,984	-	-	265,610	3,221,807	182,246,634	7.22%	2,752
41,875,000	698,725	-	-	260,824	2,834,263	199,886,811	7.92%	3,019
52,700,000	368,403	-	-	143,231	3,344,622	275,811,378	9.82%	4,085

Table 11

City of Rowlett, Texas
Ratios of Net General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds and Certificates of Obligations	Less: Amounts in Debt Service Fund	Net	Percentage Taxable Assessed Value ⁽¹⁾	Per Capita ⁽²⁾
2016	\$ 80,313,517	\$ -	\$ 80,313,517	2.24%	\$ 1,333
2017	83,206,208	279,683	82,926,525	2.11%	1,338
2018	96,061,593	350,876	95,710,717	2.18%	1,522
2019	106,468,643	639,362	105,829,281	2.15%	1,597
2020	117,154,012	911,436	116,242,576	2.15%	1,726
2021	117,415,832	1,364,894	116,050,938	2.08%	1,856
2022	111,595,137	1,819,242	109,775,895	1.77%	1,688
2023	128,104,187	374,690	127,729,497	1.77%	1,929
2024	150,360,073	1,922,000	148,438,073	1.82%	2,225
2025	216,100,137	1,537,312	214,562,825	2.40%	3,178

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Table 6 for property value data.

⁽²⁾ See Table 15 for population data.

Source: City of Rowlett - Finance Department

Table 12

City of Rowlett, Texas
 Computation of Direct and Overlapping Debt (Unaudited)
 September 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Dallas County Properties:			
Debt repaid with property taxes:			
Dallas County	\$ 179,530,000	1.71%	\$ 3,069,963
Dallas County Hospital District	511,285,000	1.71%	8,742,974
Dallas County Community College District	247,115,000	1.71%	4,225,667
Garland Independent School District	977,345,000	20.65%	201,821,743
Rockwall County Properties:			
Debt repaid with property taxes:			
Rockwall County	123,500,000	4.58%	5,656,300
Rockwall Independent School District	919,218,985	5.30%	48,718,606
Subtotal, overlapping debt			272,235,253
City of Rowlett, direct debt			219,255,122
Total direct and overlapping debt			<u>\$ 491,490,375</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Rowlett. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Debt outstanding and estimated percentage applicable for taxing entities other than the City was obtained from the Municipal Advisory Council of Texas.

City of Rowlett, Texas
Computation of Legal Debt Margin (Unaudited)
September 30, 2025

As a home rule city, the City of Rowlett is not limited by law in the amount of debt it may issue. The City's Charter (Section 6.04) states:

The City Council shall have the power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City, not exempt from taxation by the Texas Constitution and the laws of the state, not to exceed a total of one dollar and twenty-five cents (\$1.25) per one hundred dollars (\$100.00) assessed valuation...

The City Charter (Section 7.01) also states:

The City shall have the right and power to borrow money for public purposes by whatever method it may deem to be in the public interest. The City shall have the right and power to issue tax bonds, revenue bonds, and any other evidences of indebtedness for permanent public improvements or for any other public purpose not prohibited by law or this Charter...

Article 11, Section 5 of the State of Texas Constitution states in part:

... but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such City...

The tax rate at September 30, 2025, is \$ 0.769691 per \$100 of assessed valuation, with assessed valuation being 100% of appraised value.

Source: City of Rowlett - Finance Department

Table 14

City of Rowlett, Texas
Schedule of Revenue Bond Coverage –
Water & Sewer Bonds (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue	Debt Service ⁽¹⁾		Coverage
				Principal	Interest	
2016	\$ 26,572,514	\$ 19,045,209	\$ 7,527,305	\$ 1,289,722	\$ 320,797	4.67
2017	27,958,290	18,637,098	9,321,192	1,237,059	293,765	6.09
2018	31,588,402	21,444,429	10,143,973	1,191,500	324,215	6.69
2019	32,580,074	21,977,734	10,602,340	1,322,500	390,859	6.19
2020	32,856,127	21,786,659	11,069,468	1,544,000	427,765	5.61
2021	32,295,881	21,399,304	10,896,577	1,783,250	466,963	4.84
2022	34,256,818	22,076,994	12,179,824	2,043,250	629,942	4.56
2023	34,758,936	24,970,546	9,788,390	2,009,474	1,285,449	2.97
2024	36,041,888	27,597,412	8,444,476	2,203,947	691,422	2.92
2025	37,181,572	29,915,229	7,266,343	2,635,000	997,262	2.00

⁽¹⁾ Debt service requirements are the average annual requirements.

⁽²⁾ Total revenues excluding interest income and including capital recovery fees.

⁽³⁾ Total expenses excluding depreciation and amortization, interest expense, and fiscal charges.

Source: City of Rowlett - Finance Department

Table 15

City of Rowlett, Texas
Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽²⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾	
					Dallas County	Rowlett
2016	60,236	\$ 1,699,257,560	\$ 28,210	10,696	4.0%	3.7%
2017	61,999	1,780,239,286	28,714	10,564	4.0%	3.7%
2018	62,868	1,856,177,700	29,525	10,368	3.7%	3.5%
2019	66,285	2,031,038,685	30,641	10,235	3.4%	3.3%
2020	67,339	2,172,827,513	32,267	10,064	6.6%	5.8%
2021	62,535	2,012,188,695	32,177	9,691	6.4%	5.2%
2022	65,032	2,257,715,944	34,717	9,680	4.1%	3.6%
2023	66,212	2,524,200,076	38,123	9,405	3.9%	3.6%
2024	66,711	2,653,430,025	39,775	8,881	3.9%	3.6%
2025	67,519	2,809,735,666	41,614	8,890	4.0%	3.9%

⁽¹⁾ North Central Texas Council of Governments

⁽²⁾ U.S. Census Bureau data

⁽³⁾ Texas Education Agency Standard Reports - Enrollment. Totals include only students attending schools within City of Rowlett boundaries.

⁽⁴⁾ Texas Workforce Commission

Sources: U.S. Census, U.S. Department of Commerce, Texas Education Agency, Texas Workforce Commission

Table 16

City of Rowlett, Texas
Principal Employers (Unaudited)
Current Year and Nine Years Ago

Employer	2025		
	Employees	Rank	Percentage of Total City Employment
Baylor Scott & White Medical Center	1,039	1	2.71%
Garland ISD (City schools only)	911	2	2.38%
City of Rowlett	624	3	1.63%
Wal-mart Supercenter	344	4	0.90%
DR Horton	298	5	0.78%
Beacon Harbor Health and Rehab	202	6	0.53%
The Home Depot	185	7	0.48%
Super Target	165	8	0.43%
Tom Thumb	150	9	0.39%
Tri-Con Service Inc	150	10	0.39%
	<u>4,068</u>		<u>10.62%</u>

Source: City of Rowlett - Economic Development Department and 2016 ACFR

Employer	2016		
	Employees	Rank	Percentage of Total City Employment
Garland ISD (City schools only)	1,004	1	3.25%
Baylor Scott & White Medical Center	789	2	2.56%
Wal-mart Supercenter	389	3	1.26%
City of Rowlett	380	4	1.23%
Senior Care at Lake Pointe	230	5	0.75%
Target Corporation	200	6	0.65%
DR Horton	165	7	0.53%
Walmart Neighborhood Market	90	8	0.29%
H & S Manufacturing	82	9	0.27%
Tom Thumb	80	10	0.26%
	<u>3,409</u>		<u>11.05%</u>

Source: City of Rowlett - Economic Development Department and 2016 ACFR

City of Rowlett, Texas
Full Time Equivalent Employees by Function/Fund (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2025	2024	2023	2022	2021
General government:					
City council	4.50	4.50	3.50	4.50	3.50
City manager	5.00	4.75	8.00	7.00	6.00
City secretary	4.00	4.00	4.00	4.00	4.00
Financial services	23.50	23.50	22.50	21.50	20.50
Information technology	10.00	8.50	7.50	7.50	7.50
Human resources	6.00	6.00	6.00	6.00	6.00
Buildings and grounds	9.50	8.50	8.50	8.50	8.00
Public safety:					
Police	156.25	151.75	148.75	140.75	134.75
Fire	111.00	111.00	111.00	111.00	100.00
Municipal court	11.08	11.08	11.02	11.02	11.52
Animal services	7.00	7.00	6.00	6.00	6.00
Environmental services	11.00	10.00	9.25	9.25	9.00
Public works:					
Administration and engineering	22.00	22.00	14.00	14.00	14.00
Streets	46.00	21.00	13.15	13.15	11.00
Fleet services	3.00	3.00	3.00	3.00	3.00
Water and sewer	34.00	34.00	34.85	34.85	35.00
Drainage	2.00	2.00	2.00	2.00	2.00
Refuse	1.00	1.00	1.00	1.00	1.00
Culture and recreation:					
Parks administration	2.00	2.00	3.00	3.00	3.00
Parks operations	24.00	24.00	21.00	21.00	21.00
Community centre	12.30	12.30	11.80	11.80	11.80
Wet zone	22.20	22.20	21.70	21.70	21.70
Library services	14.50	14.50	14.50	14.50	14.50
Development:					
Planning	6.00	6.25	9.50	9.50	8.50
Building inspections	8.00	8.00	13.25	13.25	12.50
GIS	2.00	2.00	2.00	2.00	2.00
Economic development	9.00	8.50	3.50	3.50	3.50
Total	566.83	533.33	514.27	505.27	481.27
Fund					
General	514.83	481.33	466.27	453.42	430.27
Water and sewer	49.00	49.00	45.00	48.85	48.00
Drainage	2.00	2.00	2.00	2.00	2.00
Refuse	1.00	1.00	1.00	1.00	1.00
Wet zone	n/a	n/a	n/a	n/a	n/a
Fleet services	n/a	n/a	n/a	n/a	n/a
Information technology	n/a	n/a	n/a	n/a	n/a
Total	566.83	533.33	514.27	505.27	481.27

Source: City of Rowlett - Finance Department Budget Book

Table 17

Fiscal Year				
2020	2019	2018	2017	2016
3.50	4.20	3.50	3.50	3.50
8.00	7.50	7.00	6.00	6.00
4.00	4.00	4.00	3.50	3.50
19.00	18.50	21.50	20.50	24.50
7.00	6.00	7.00	7.00	7.00
6.00	6.00	6.00	6.00	5.50
8.00	7.00	7.00	7.00	7.00
131.25	120.75	116.25	116.25	115.25
89.00	88.00	79.00	79.00	79.00
11.52	12.00	7.00	7.00	6.00
6.00	6.00	6.00	6.00	6.00
9.00	9.00	9.00	9.00	7.00
13.50	13.50	13.25	14.00	14.00
15.00	15.00	15.00	15.00	15.00
3.00	3.00	3.00	3.00	3.00
35.00	35.00	28.00	28.00	24.00
2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	0.50	0.50
3.00	3.00	3.00	3.00	3.00
20.00	19.00	18.00	18.00	18.00
11.80	11.80	11.80	11.30	11.30
21.70	21.70	20.70	20.70	20.70
15.50	15.25	15.25	15.25	15.00
6.50	6.50	10.00	10.00	10.00
13.00	13.00	10.75	10.00	11.00
2.00	2.00	2.00	1.00	1.00
3.00	3.00	3.00	3.00	3.00
468.27	453.70	430.00	425.50	421.75
417.27	415.70	382.00	379.00	379.25
48.00	35.00	45.00	44.00	40.00
2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	0.50	0.50
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
468.27	453.70	430.00	425.50	421.75

City of Rowlett, Texas
Operating Indicators by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2025	2024	2023	2022	2021
Public safety:					
Number of police employees	156	152	149	141	135
Number of citations	8,719	9,562	6,862	4,973	5,900
Number of fire employees	111	111	111	111	100
Number of fire calls	2,885	2,732	2,726	2,518	2,309
Number of EMS calls	5,981	6,042	5,792	5,351	4,688
Fire inspections	1,562	1,340	1,151	923	589
Public works:					
Asphalt replaced (tons)	4,415	1,826	5,399	9,269	640
Concrete placed (cubic yards)	4,705	4,619	2,777	2,510	2,047
Concrete pavement (sq ft)	240,876	437,696	405,212	328,387	210,874
Culture and recreation:					
Volumes in collection	75,758	72,586	73,886	77,314	76,857
Development:					
Permits issued	189	319	946	1,106	392
Water and sewer:					
Number of water customers	22,393	22,079	21,926	21,670	21,386
Average daily water consumption	8,005,154	7,528,377	7,305,948	7,822,274	7,261,488
Peak daily water consumption	16,204,900	19,937,100	18,187,000	18,357,000	15,508,000
Number of sewer customers	21,259	20,879	20,698	20,653	20,220
Average daily sewer usage	6,253,370	5,505,307	5,061,658	4,162,531	4,270,734

Source: City of Rowlett Departments

Table 18

Fiscal Year				
2020	2019	2018	2017	2016
131	120	116	116	115
7,682	8,894	7,895	7,903	7,828
89	88	79	79	79
1,726	1,865	1,842	1,676	2,332
4,012	3,736	3,717	5,095	3,333
846	1,479	896	958	1,247
480	-	9,350	4,480	4,894
3,417	6,866	4,323	2,704	1,476
419,400	842,589	530,606	110,619	60,368
77,636	77,211	74,816	81,083	78,518
884	265	262	189	285
20,642	20,715	20,416	20,338	19,920
6,307,057	6,199,263	5,992,052	6,926,000	6,622,000
17,111,000	13,089,000	15,576,000	14,375,000	18,134,000
19,800	19,612	19,436	19,286	18,947
4,270,005	4,503,134	5,000,000	5,058,000	5,437,100

City of Rowlett, Texas
Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2025	2024	2023	2022	2021
Public safety:					
Police stations	1	1	1	1	1
Marked police units	48	50	42	49	42
Fire stations	4	4	4	4	4
Public works:					
Miles of streets	588	582	580	571	524
Miles of alleys	109	107	107	106	107
Culture and recreation:					
Parks acreage - developed	371	371	371	371	371
Parks acreage - undeveloped	314	314	314	314	314
Libraries	1	1	1	1	1
Water and sewer:					
Water mains (miles)	323	323	304	304	304
Fire hydrants	2,855	2,740	2,460	2,460	2,460
Sewer mains (miles)	284	284	266	266	266

Source: City of Rowlett departments

Table 19

Fiscal Year				
2020	2019	2018	2017	2016
1	1	1	1	1
47	37	37	53	39
4	4	4	4	4
516	507	531	531	551
105	105	105	105	105
371	371	371	609	608
314	314	314	374	375
1	1	1	1	1
254	272	270	270	262
2,126	2,119	3,050	3,050	3,020
232	250	250	250	244

